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ONE HUNDRED THIRTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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December 13, 2013

The Honorable Jacob J. Lew
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Lew:

In recent weeks, pursuant to the President's Climate Action Plan, the U.S. Treasury has sought to implement policies seeking to end U.S. support for public financing for coal-fired power plants overseas, except in very limited circumstances. These actions raise questions not only about whether the Treasury Department's new climate policies comport with its duties and functions, but also the practical impact on U.S. international humanitarian goals, trade policies, and foreign commerce.

The Climate Action Plan and the Treasury Department's October 29, 2013 guidance call for limiting U.S. government support for new coal-fired power generation projects in developing countries unless they install carbon capture and sequestration (CCS) technologies, except for the world's poorest countries. In its guidance, the Treasury Department is effectively imposing the same requirements for power plants in developing countries that the Environmental Protection Agency is currently still only proposing to impose on new U.S. coal-fired power plants, amidst considerable controversy about its statutory authority to impose such requirements.

There is ongoing, substantive debate about when, if ever, such CCS technologies for power plants would be commercially feasible in the United States. Such technologies have not been demonstrated on a commercial scale anywhere in the world, and for developing countries, CCS is indisputably not ready for widespread commercial deployment. Requiring CCS would constitute a de facto ban on construction of state-of-the-art new coal-fired power plants – projects that some of the countries in greatest need of reliable and affordable electricity seek today.

Failure to assist these countries based on policies that the United States has not even established domestically for its own new plants raises questions about the administration's priorities and whether its actions comport with the long-standing policy of the United States to assist developing nations rise out of poverty. Just this week, press reports indicated that the United States actively opposed financing for a power plant project in Pakistan.

In connection with this project, we understand that the Asian Development Bank (ADB) has agreed to provide a $900 million loan to build a coal-fired generating unit that will use supercritical boiler technology and employ state of the art emissions control equipment. In its December 9, 2013 press release, the ADB stated that "the plant will deliver reliable, cost effective electricity to hundreds of thousands of energy starved households and businesses." Given these benefits, the ADB loan was approved, including with the support of Canada, Germany, Australia, New Zealand and Japan. The United States reportedly opposed financing for this project because of its global climate change policy, not because of the needs of the Pakistani poor who may profoundly benefit from increased access to affordable, reliable electricity.

We write to ask that you assist us in assessing whether the Treasury Department's recent actions are consistent with its duties and functions and whether the agency has fully examined the humanitarian implications of its climate policy guidance. Accordingly, as part of our ongoing oversight of the President's Climate Action Plan and foreign commerce generally, we ask that you answer the following:

1. Describe the Treasury Department's process for the development of the October 29, 2013 guidance, including consultation with other federal agencies or third parties.

2. Has the Treasury Department determined that the October 29, 2013 guidance comports with the agency's statutory obligations and international agreements? If yes, provide a detailed explanation of the basis for that determination.

3. Provide copies of all Treasury Department analyses, if any, of the costs and feasibility of deploying CCS for new coal-fired power plants in the developing world.

4. Please explain whether the Treasury Department, in evaluating overseas energy projects, will weigh anticipated climate benefits with the public health and economic benefits of increased access to electricity and modern energy infrastructure.

5. Provide all Treasury Department estimates of the impacts of its October 29, 2013 guidance on energy access for communities in developing nations, the impacts on foreign commerce, and impacts on global greenhouse gas emissions. Please include in this response a copy of the Department's analysis of the ADB loan for the Pakistan project referenced above.

6. Provide a list of all pending coal-fired power plant projects in the developing world that the Treasury Department has identified to be potentially affected by the October 29, 2013 guidance.

We request that you provide us with a response not later than January 17, 2014. Should you have any questions, please contact Mary Neumayr of the Majority Committee staff at (202) 225-2927.

Sincerely,

Fred Upton
Chairman

Ed Whitfield
Chairman
Subcommittee on Energy and Power

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Bobby L. Rush, Ranking Member
Subcommittee on Energy and Power