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ONE HUNDRED TENTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515-6115

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CHAIRMAN

November 13, 2007

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The Honorable Nancy Pelosi
The Speaker
H232 The Capitol
Washington, D.C. 20515

Dear Madam Speaker:

Thank you for discussing energy legislation with me on the House floor last week. The conversation was productive, and I reaffirm my desire to pass a strong and effective energy law at the earliest opportunity. The differences between the House and Senate bills can be bridged to achieve this goal.

The formal procedures of a conference committee would be the most effective, and most efficient, mechanism to resolve the differences between these two bills by giving Members a forum for engaging in direct discussion, and a structure for dispensing with areas of controversy. I know you share that view, and although the Senate has been unable to proceed to a conference, we have made great progress through informal discussions, particularly in the area of energy efficiency, which is critical both to address our country's energy dependence and the need to reduce greenhouse gas emissions.

Three important initiatives remain to be addressed to clear a path for a bill to be sent to the President: Corporate Average Fuel Economy (CAFE) standards, Renewable Portfolio Standard (RPS), and Renewable Fuels Standard (RFS).

With respect to the substance of these three more complicated issues, I would share the following observations.

Reforming and increasing Corporate Average Fuel Economy Standards appears to be the least difficult to resolve. Upon careful evaluation, and after many discussions, it is my view that a compromise can be reached using the language passed by the Senate. This requires addressing three areas of concern: accounting for the different attributes of cars and light trucks; ensuring a minimum fleet-wide average that preserves the domestic production of fuel efficient cars; and permitting appropriate lead-time and initial flexibility for manufacturers to transition to, and comply with, the new standards. The Senate language, with these changes, would achieve broad-based support without undermining the objectives of its authors.

The reformed CAFE system in the Senate bill already permits the U.S. Department of Transportation to account for the different attributes of vehicles, including setting different standards for passenger cars and light trucks. Requiring the Department to establish these separate standards statutorily would not detract from its obligation to set those standards at levels that would achieve one fuel economy standard for the fleet of all vehicles. Also, as the Department transitions to an attribute-based system, as mandated in the Senate bill, requiring it to maintain a minimum fleet-wide average and the distinction between foreign and domestically produced passenger cars would prevent environmental backsliding and preserve approximately 17,000 assembly plant jobs in the United States, a matter of major concern to the United Auto Workers. Lastly, I believe that manufacturers can transform their way of doing business to meet the ambitious objectives set forth in the Senate bill. To do this, however, the legislation must provide some level of assistance and flexibility so they can stay in business and accomplish this significant national objective successfully.

With respect to the RPS, the House set a target of 15 percent for 2020, and allows a portion of that to be satisfied with energy efficiency measures. A number of questions need resolving to reach a bicameral agreement, including whether the requirement should apply to municipal utilities and rural electric cooperatives, the penalty required for failure to procure sufficient renewable energy (a matter of great import to States which lack sufficient renewable resources within their own borders), precisely which forms of electricity generation should be counted as renewable, and how significant a role energy efficiency measures should play.

With respect to the expansion of the RFS contained in the Senate bill, I have several observations. First, any changes to the RFS must be made to the current program, enacted as part of the Energy Policy Act of 2005. That legislation established the RFS under the Clean Air Act, administered by the Environmental Protection Agency (EPA). The EPA has vast experience regulating fuels under its authority in Section 211 of that statute. It has the technical expertise and the administrative record to implement properly any changes to the program. We should not create inconsistent, duplicative regulatory regimes for fuels. This is a bedrock principle on which the House should not waiver.

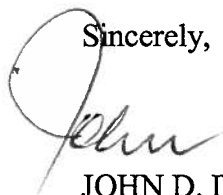
Secondly, we must be sensitive to the effect that ethanol production may have had on food prices and the environment in the last two years. An expansion of the program, as contemplated by the Senate, without carefully considering its recent history, could lead to dissatisfaction with our renewable fuels policy. Appropriate safeguards would protect the integrity of the biofuels program and our efforts to wean the Nation from fossil fuels.

Lastly, we need to create sufficient incentive to spur the deployment of cellulosic ethanol and other advanced biofuels based on solid analysis that demonstrates the likelihood of achieving its goals. A mandatory requirement with no basis in fact could ultimately harm our efforts to promote the production and use of renewable fuels.

The Honorable Nancy Pelosi
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I remain committed to working with you to reconcile our differences with the Senate and sending the President energy legislation that will be signed into law.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Dingell". The signature is written in a cursive style with a large initial "J" and "D".

JOHN D. DINGELL
CHAIRMAN