

Appendix B. Follow-Up Analysis Request Letter

United States Senate

WASHINGTON, DC 20510

November 16, 2007

The Honorable Guy Caruso
Administrator
Energy Information Administration
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Dear Mr. Caruso:

This is a supplemental request to our letter of September 18, 2007 requesting additional analysis of S. 280. We are appreciative of your timely response to that letter.

Another proposal to limit greenhouse gas emissions, S. 2191, has been introduced. We understand that Senators Lieberman and Warner requested EPA analysis of their bill and we wanted to assure that your evaluation addressed all interests, and is as comprehensive as possible.

Therefore, in addition to the alternative scenarios outlined in our previous correspondence, we are requesting that your agency provide analysis of S. 2191 using some of the assumptions in your analysis of S. 280. The assumptions are as follows:

Non-Policy Cases

Reference: Reference case used in the S 280 analysis.

Low LNG Case and Global Carbon Constraint:

- LNG import terminals are limited to those operational by the end of 2008,
- GHG caps are implemented for ALL Kyoto Protocol Annex 1 signatory countries and are reduced to 20% below 1990 levels in 2020 and on a trajectory to 80% below 1990 levels in 2050; and
- A functioning natural gas cartel that can extract natural gas prices equivalent to the energy content parity with Low Sulfur Light imported crude.

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Policy Cases

- The policy cases should include the Core S. 2191 case, the no international offsets case, and the 30 percent fixed offset case patterned after your S 280 analysis.

Alternative Policy Cases

Your analysis of S. 2191 should include an assessment of the factors outlined in the two following scenarios:

An Alternative Policy Case assuming:

- Nuclear power does not exceed AEO 2007 Reference Case growth through 2030;
and
- Biomass power does not exceed AEO 2007 Reference Case growth through 2030.

Please refer to this alternative policy case as: Reference Nuclear and Biomass Power (RefNB).

An Alternative Policy Case assuming the Reference Nuclear and Biomass Power case above and assuming:

- Carbon capture and sequestration technology does not become commercially available until 2030;

Please refer to this alternative policy analysis as: Constrained CCS (RefNB+noCCS).

We have attached a table that summarizes these cases.

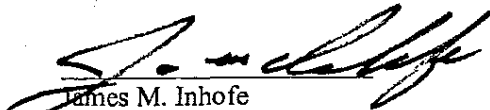
In addition, since the costs of greenhouse gas controls grow over time, an accurate account for the impacts between 2030 and 2050 is required. Therefore, in your analysis of S. 2191, please estimate economic impacts for the period 2030-2050 including the aggregate loss of GDP for the periods 2008-2030, 2030-2050, and 2008-2050. As you have indicated NEMS is not capable of providing any analysis beyond 2030. We assume that you can use NEMS through 2030 and use another validated model to estimate impacts between 2030 and 2050.

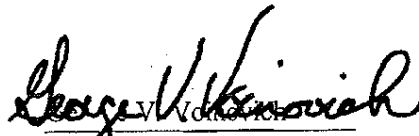
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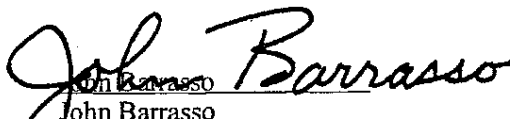
EIA should also provide natural gas, electricity, and economic impact data at the state and regional level.

An expedited process of this request is appreciated; we expect the results to be released in conjunction with the information provided in response to the request of Senators Lieberman and Warner. Todd Johnston (202-224-9325) and John Shanahan (202-224-8072) are available to work with you to clarify any issues. Thank you for your prompt attention to our request.

Sincerely,


James M. Inhofe
United States Senator


George V. Voinovich
United States Senator


John Barrasso
United States Senator

Case Name	Description and Assumptions
Non-Policy Cases	
Reference Case	Reference Case used in the S 280 analysis
Low LNG plus Global Carbon Constraint	LNG terminals expansion limited to those operational through 2008, and Kyoto signatories adopt additional reduction targets beyond 2012 leading to an 80% reduction below 1990 levels by 2050, and Natural gas pricing tied to imported LSL crude oil
Main Policy Cases	
S 2191 Core	Similar to S 280 assumptions
No International	Similar to S 280 assumptions
Fixed 30 Percent Offsets	Similar to S 280 assumptions
Alternative Policy Cases	
Constrained Nuclear Plus	Nuclear expansion limited to AEO 2007 Ref through 2030
Constrained Biomass	Biomass power plants limited to AEO 2007 Ref through 2030
Constrained CCS	CCS is not commercially available until after 2030 and nuclear and biomass are limited to AEO 2007 reference case through 2030