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2157 RAYBURN HOUSE OFFICE BUILDING

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MAJORITY (202) 225-5051
FACSIMILE (202) 225-4784
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January 30, 2008

The Honorable Robert M. Gates
Secretary
U.S. Department of Defense
1000 Defense Pentagon
Washington, DC 20301

Dear Mr. Secretary:

We are writing to request information on how the Department of Defense is working to comply with a recently adopted provision of law limiting the greenhouse gas emissions associated with alternative fuels purchased by federal agencies.

The Energy Independence and Security Act of 2007 became law on December 19, 2007.¹ Section 526 of that law provides:

No Federal agency shall enter into a contract for procurement of an alternative or synthetic fuel, including a fuel produced from nonconventional petroleum sources, for any mobility-related use, other than for research or testing, unless the contract specifies that the lifecycle greenhouse gas emissions associated with the production and combustion of the fuel supplied under the contract must, on an ongoing basis, be less than or equal to such emissions from the equivalent conventional fuel produced from conventional petroleum sources.

This provision ensures that federal agencies are not spending taxpayer dollars on new fuel sources that will exacerbate global warming. It was included in the legislation in response to proposals under consideration by the Air Force to develop coal-to-liquid fuels. As you may know, coal-to-liquid fuels are estimated to produce almost double the greenhouse gas emissions of the comparable conventional fuel.² The provision is also applicable to fuels derived from tar

¹ Energy Independence and Security Act of 2007, Pub. L. No. 110-140.

² See Robert H. Williams, Eric D. Larson, and Haiming Jin, *Synthetic fuels in a world with high oil and carbon prices*, Table 1., prepared for the 8th International Conference on Greenhouse Gas Control Technologies, Trondheim, Norway (June 19-22, 2006) (estimating that coal-to-liquids fuel produces 1.8 times the greenhouse gas emissions of conventional fuel).

sands, which also produce significantly higher greenhouse gas emissions than are produced by comparable fuel from conventional petroleum sources.³

Developers of coal-to-liquid fuels have claimed that the greater greenhouse gas emissions can be offset by capturing and sequestering most of the carbon dioxide from the production process and using biomass for a portion of the fuel in the production process. But absent contractual guarantees and verification that the carbon dioxide will be successfully permanently stored and a sufficient quantity of biomass will be used, there is no assurance that the additional greenhouse gas emissions will not be released. The promise that in the future, there might be ways to avoid increases in greenhouse gases would not be sufficient to meet the requirements of section 526. That section requires that the actual fuel supplied to the government must not have greater greenhouse gas emissions than equivalent conventional fuel.

To help the Committee evaluate the Department's implementation of section 526, please provide the following information:

1. Identify all active or potential projects under consideration by the Department (prior to the adoption of section 526) related to the use or purchase of coal-to-liquids fuels, fuels from tar sands, or other alternative or synthetic fuels, excluding fuels derived from biomass.
2. Provide for each active or potential project identified under the previous paragraph (a) a description of the project, its status, any associated private party developer, and any projected financing arrangements and cost details; (b) a copy of any environmental evaluations; and (c) a description of the steps the Department will take to ensure that the project will comply with section 526, on a project-specific basis.
3. If the Department is pursuing any project identified under paragraph 1, explain whether the Department has requested or will request the assistance of EPA, other federal agencies, or any other parties to develop and apply a methodology for calculating the life-cycle greenhouse gas emissions of the fuel from each specific project. If the Department does not plan to request assistance from EPA, explain why not.
4. If the Department is pursuing any project identified under paragraph 1 that will rely in whole or in part on carbon capture and storage to meet the criteria of section 526, explain how the Department will ensure that the carbon is permanently stored and what guarantees to this effect the Department will require from the project developer.

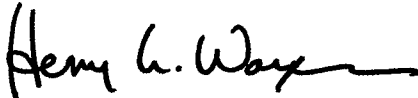
³ See Adam R. Brandt and Alexander E. Farrell, *Scraping the Bottom of the Barrel: Greenhouse gas emission consequences of a transition to low-quality and synthetic petroleum resources*, forthcoming in *Climatic Change* (estimating that fuel from tar sands produces 1.14 to 1.4 times the greenhouse gas emissions of fuel from conventional petroleum sources).

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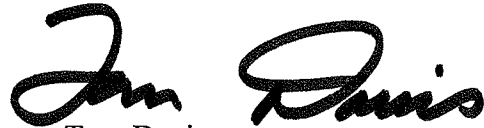
5. Explain how the Department will comply with section 526 with respect to fuel that is derived from tar sands or other unconventional petroleum sources, but is purchased under a contract that does not specify the source of the fuel. In particular, describe how the Department will ensure that fuel supply contracts are drafted so as to exclude the provision of such fuels if they have higher greenhouse gas emissions than conventional fuel.

Please provide the requested information by February 15, 2008. If you have any questions concerning this request, please have your staff contact Alexandra Teitz of the Committee staff at (202) 225-4407. Thank you for your assistance in this matter.

Sincerely,



Henry A. Waxman
Chairman



Tom Davis
Ranking Minority Member