US EPA ARCHIVE DOCUMENT

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JAN 29 2010

THE ADMINISTRATOR

The Honorable George Voinovich
United States Senate
Washington, DC 20510

Dear Senator Voinovich:

Enclosed, please find the supplemental economic analysis that you requested of H.R. 2454, the American Clean Energy and Security Act.

The core results of this analysis are similar to those of EPA's June 2009 analysis. This supplemental analysis does, however, include a few technical updates to the economic models. Most significantly, it incorporates the effect of the July 2009 G8 agreement to cut global greenhouse-gas emissions in half by 2050. In the core case, we find, as we did in our earlier analysis, that the cost of the legislation would be modest.

In addition, the supplemental analysis includes a set of scenarios developed by your staff. Those scenarios examine alternative futures in which several important technologies and policies are not available to reduce costs. In particular, the scenarios assume that there is no nuclear power growth, no availability or delayed availability of carbon capture and storage technology, no increased use of biomass, and no availability of international offsets.

EPA did not include those scenarios in June because we were not aware then – and still are not aware – of information suggesting a reasonable possibility that they would occur. Notably, we have not modeled any scenarios that are as optimistic as yours are pessimistic, even though we are aware of the possibility of breakthrough technologies being developed in response to the incentives that the legislation would create.

If you have questions about the analysis, please contact me or your staff may contact Patricia Haman of EPA's Office of Congressional and Intergovernmental Relations at 202-564-2806.

Sincerely,

Lisa Jackson