

Congress of the United States
Washington, DC 20515

April 22, 2004

Hon. Spencer Abraham
Secretary
U.S. Department of Energy
1000 Independence Ave., S.W.
Washington, D.C. 20585

Dear Secretary Abraham,

As you know, in November 2003 your agency dropped transferable credits from its plan to enhance the Voluntary Reporting of Greenhouse Gases Program (VRGGP), established pursuant to Section 1605 (b) of the 1992 Energy Policy Act. We applaud your decision as embodying sound policy and good law.

Transferable credits would most likely build a large business lobby for energy rationing schemes like the Kyoto Protocol. Although worth little or nothing today, credits awarded for "early" reductions could easily be worth millions or billions of dollars under a future cap-and-trade program. Consequently, every credit holder would have an incentive to lobby to make "voluntary" reductions mandatory.

The text and legislative history of Section 1605(b), as well as the history of related congressional activity, clearly show that Congress never delegated to Energy, or any other agency, the authority to award regulatory offsets applicable to a future mandatory climate policy. It is clear that only Congress has the legal authority to establish such a program. Moreover, a credit scheme would be widely interpreted as a signal that mandatory reductions are coming. That, in turn, would prompt many companies to fuel switch from coal to natural gas, intensifying the natural gas supply crunch that has already cost consumers billions and destroyed thousands of manufacturing jobs.

We applaud your efforts to develop voluntary alternatives to mandatory climate policies but are convinced that transferable credits would simply put in place the institutional framework and lobbying inducements regulatory approaches that we – and the Administration – oppose.

Sincerely,


Tom DeLay


Richard Pombo



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***** NOTES *****
