

U.S. House of Representatives

Select Committee on Energy Independence and Global Warming

F. James Sensenbrenner, Jr., Ranking Republican

News Advisory

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EPA Analysis Underestimates Costs of Congress' Climate Change Legislation

EPA's Assumptions Create Grossly Misleading Figures

Washington, D.C.— The Environmental Protection Agency analysis of draft climate change legislation in Congress was flawed because Democratic staff of the House Energy and Commerce Committee provided the agency with data that wasn't reflected in the bill's language, according to a report issued today by the Republican staff of the House Select Committee on Energy Independence and Global Warming.

“This Republican staff report shows that the EPA analysis grossly underestimates the true cost of this national energy tax,” said Rep. Jim Sensenbrenner, R-Wis., ranking Republican on the House Select Committee on Energy Independence and Global Warming.

The Republican staff report identifies several areas where the EPA improperly analyzed the effects of the draft American Clean Energy and Security Act (ACES) of 2009, which was authored by House Energy and Commerce Committee Chairman Henry Waxman, D-Calif., and Energy and Environment Subcommittee Chairman Edward Markey, D-Mass. The bill is scheduled for markup next week.

“The report shows that the analysis EPA issued of the draft ACES Act was rushed, incomplete, and relied on numerable questionable assumptions provided by the Democratic staff of the House Energy and Commerce Committee,” Sensenbrenner said. “This bill, which I call cap-and-tax, threatens to raise energy costs for all Americans and potentially cost millions of jobs. With our country mired in recession, Members of Congress need reliable, accurate information before considering this radical new energy tax.”

The most glaring flaw in the EPA analysis came from incorrect assumptions about the amount of carbon offsets called for in the draft legislation. While the EPA report assumed 2 billion tons of carbon offsets, the bill's language on offsets doesn't even approach these numbers, the report said.

“EPA officials told Republican staff that the offset levels were one of the biggest drivers of its cost analysis. As the report shows, Democratic staff instructed the EPA to assume offset levels that were dramatically higher than what the draft actually allowed. Whether they misread their own bill or deliberately mislead the EPA, I’m not sure,” Sensenbrenner said.

A report by the Heritage Foundation on ACES shows this bill could destroy as many as 1.9 million jobs and will cause electricity rates to rise by 90 percent, gasoline by 74 percent, and raise the average family’s electricity bill by \$1,500 a year.

“If the EPA didn’t have time to a thorough analysis, it should have declined to produce a report. Instead, what we have is a document that ignores major cost-influencing factors. That’s not the transparency the people deserve.”

The following findings are highlighted in the Select Committee Republican report:

- EPA’s analysis relies on incorrect offset numbers.
- EPA assumed a significantly lower GDP growth rate than the Obama Administration relied on for its recent Budget Blueprint.
- EPA analysis did not consider the effects of the draft ACES Act’s renewable energy standard.
- EPA’s assumptions for carbon capture and sequestration are unrealistic. If technological progress does not match EPA’s assumption, consumer costs will increase.
- EPA’s analysis assumes a nationwide impact. The actual impacts of the draft ACES Act, however, will be regional.
- EPA assumes that nuclear energy will increase by 150% by 2050.
- The ACES Draft is silent on many specifics of the cap-and-tax program. EPA relied entirely on estimates from Democratic staff on the Energy and Commerce Committee to develop its analysis.

A copy of the report is attached below.

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