



April 23, 2010

The Honorable Harry Reid
United States Senate
S 221 Capitol Building
Washington, DC 20510-7020

The Honorable Mitch McConnell
United States Senate
S 230 Capitol Building
Washington, DC 20510-7010

Re: Climate Change Legislation

Dear Distinguished Senators:

We write to express our views regarding key issues of importance to our unions in prospective climate change legislation. We understand that Senators Kerry, Graham and Lieberman are working on comprehensive legislation to reduce greenhouse gas emissions. Our unions support enactment of properly balanced national climate change legislation that will protect existing jobs in our domestic energy industries while promoting investments and new jobs in advanced clean energy technologies in the fossil, nuclear and renewable energy sectors.

Our union members strongly support the free allocation of a sufficient amount of emission allowances to local utility distribution companies and to merchant coal generators to soften rate increases for electricity customers around the country. Using free allocations, rather than auctions, is the surest means to avoid steep rate impacts on consumers and to provide stability to coal markets during the transition to a low-carbon economy. Rebates and similar schemes are not likely to reach all intended consumers, and would not avoid severe energy market dislocations.

We also favor additional refinements to the allocation approach reflected in the Waxman-Markey climate change bill passed last June by the House of Representatives, such as providing allocations to regulated firms based on historical emissions rather than an even split between emissions and electricity sales. However, the general approach of free allocations to regulated wires companies and to merchant coal generators, followed by phased-in auctions, is sound and should be incorporated in future climate legislation. The interests of municipally-owned electricity providers and co-ops also need to be addressed in an equitable manner.

We understand that some propose to delegate allowance allocation decisions to state public utility regulatory authorities. We do not agree with this approach, as it is not likely to produce either a "level playing field" among the states and affected entities, or regulatory certainty during a critical transition to lower-carbon energy sources.

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Our unions also supported the Waxman-Markey incentives for the early commercial demonstration of carbon capture and storage (CCS) technologies at coal and other fossil-based generation units, and the use of bonus allowances and other mechanisms for defraying the incremental costs of CCS deployment at new and retrofit commercial-scale units. Similar provisions were included last year in the Kerry-Boxer bill (S. 1733), reflecting a number of improvements recommended by the Senate Coal Group. The bipartisan CCS legislation being developed by Senators Rockefeller and Voinovich offers constructive options for additional improvements to both the early demonstration and commercial deployment programs proposed in previous climate legislation. It is essential, in all events, that national legislation offers a sure pathway for the accelerated demonstration and deployment of CCS technologies. Ultimately, most energy-intensive industries will need this technology regardless of the type of fuel they consume.

As you consider new legislation to reduce greenhouse gas emissions, it is imperative that consumers, workers, and local economies are protected by ensuring that all entities providing electric power generation and services are provided the regulatory tools and financial resources needed to facilitate an orderly transition to a clean energy future. We view the inclusion of Davis-Bacon provisions for projects supported by climate legislation as an essential safeguard for the workers who will help to make this future possible.

We look forward to working with you on these critical issues.

Sincerely,



Edwin D. Hill
International President
IBEW



Newton B. Jones
President
IBB



Cecil E. Roberts, Jr.
President
UMWA



D. Michael Langford
President
UWUA

/lgd

Copy to President Barack H. Obama
All Members of Congress