

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

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TO THE MEMBERS OF THE SENATE COMMITTEES ON ENVIRONMENT AND PUBLIC WORKS AND ENERGY AND NATURAL RESOURCES, AND THE HOUSE COMMITTEE ON ENERGY AND COMMERCE:

The Chamber believes that durable climate policy requires bipartisan Congressional action. Legislation must encourage innovation and investment to ensure significant emissions reductions, while avoiding economic harm to businesses, consumers and disadvantaged communities. Any policy should also include well-designed market mechanisms that are transparent and not distorted by overlapping regulations. U.S. climate policy should recognize the urgent need for action, while maintaining the national and international competitiveness of U.S. industry and ensuring consistency with free enterprise and free trade principles.

While the Chamber, and the business community we represent, has clearly stated support for market-based mechanisms to accelerate the reduction of domestic GHG emissions, recent legislative discussions have focused on a Clean Electricity Standard (CES) approach. We, therefore, offer the following principles for consideration to ensure any CES includes market-based mechanisms and realistically considers and adjusts to technology development and deployment.

The proscribed time frame for GHG reductions must be realistic. Existing technologies like solar and wind, when coupled with natural gas, have catalyzed the largest GHG reductions in the world over the last two decades. This symbiotic combination can still further reduce emissions from the generation sector, but current technology cannot achieve net zero.

Innovation drove the emission reductions made possible by greater use of natural gas and renewables in the U.S., and continued reductions can only move at the pace of innovation. A wide range of experts and observers, from the International Energy Agency to President Biden's Special Presidential Envoy for Climate John Kerry, have emphasized that not all of the technology necessary to meet our ambitious climate goals is commercially available yet." This is why the Chamber has focused so intently on policies that accelerate research, development, and deployment of myriad technologies needed to deploy globally both at scale and affordably. The most effective path to net zero is one driven by cost-effective emissions-reducing technologies, focusing first on policies giving the federal government the tools and funding to facilitate the development of the innovative technologies of tomorrow, thereby enabling emissions reductions while fostering economic growth. While many technologies hold great promise to deliver deep emissions reductions over the coming decade, there is currently no clear path to net-zero across the generation sector.

Any climate policy mechanism must be flexible and consider technology availability and grid reliability. America's businesses are increasingly making voluntary commitments to reduce and eliminate GHG emissions. However, most of these commitments cannot be fully achieved without the future development and commercialization of innovative technologies. A CES must incorporate flexibility to protect grid reliability and economic growth while aligning with cost-effective available technologies. If the necessary technologies are not deployable on a time frame proscribed by Congress,

electricity customers and the overall economy should not face undue rate increases and compromised service reliability.

Any CES mechanism must be compatible with regulatory structures for other sectors.

While climate goals are economy-wide, a CES only regulates a single sector directly. Congress must ensure any CES allows for the potential advent of other sectoral structures, including potential economy-wide approaches, which are widely recognized as the most efficient and cost-effective approach to reducing emissions.

Any CES should feature a performance-based compliance design. Avenues to achieve compliance with the CES should be fuel-neutral, thereby enabling a broad suite of compliance options. This includes the ability to achieve partial credit for electricity generation resources that feature a reduced (rather than zero) carbon footprint. All technologies should be on the table, provided they move us in the direction of the CES' ultimate emission profile goals.

The CES should insulate existing generation resources from conflicting regulatory paradigms. A benefit of a CES is the structuring of a predictable and phased off-ramp for higher-emitting generation resources. As such, to manage an orderly transition that is cost-effective and maintains high levels of service reliability, existing generation resources should be exempt from regulatory requirements that would otherwise conflict with or distort the CES.

Climate change is a serious global challenge. Durable policy drivers are increasingly important to support technology development and deployment. We urge Congress to consider these principles to emissions are reduced as low as we can at the pace of innovation while preserving economic competitiveness. We look forward to continuing to work closely with Congress as it evaluates the merits of a CES approach.

Sincerely,

A handwritten signature in black ink, appearing to read "Marty Durbin". The signature is fluid and cursive, with a large initial "M" and a distinct "D".

Marty Durbin

cc: Members of the Senate Committee on Finance
Members of the House Committee on Ways and Means