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June 1, 2010

The Honorable John Kerry
218 Russell Senate Office Building
Washington, DC 20510

The Honorable Joseph Lieberman
706 Hart Senate Office Building
Washington, DC 20510

Dear Senators Kerry and Lieberman,

We thank you for your ongoing effort to pass comprehensive clean energy and climate change legislation this year that will put America on the path to a clean energy economy. A pollution reduction framework covering all the major sectors that includes firm limits on global warming pollution and a comprehensive plan to repower America can revitalize our lagging economy, cut our dependence on oil, and mitigate the worst impacts of climate change.

Investments that support the transition to a low-carbon economy are important and necessary components of comprehensive framework, and we thank you for including substantial provisions in the American Power Act (APA) that will invest billions of dollars in transportation infrastructure in a way that will reduce greenhouse gases and oil dependence.

The APA devotes more than \$6 billion in annual revenue from the sale of carbon pollution permits to improvements in low-carbon, fuel-saving transportation infrastructure. Other provisions in your legislation provide an overall transportation policy framework for directing such investments towards initiatives and projects that reduce global warming pollution and our dangerous oil dependence. These clean transportation investments are consistent with the overall bill's dual purposes of increasing energy independence and cutting pollution.

We oppose efforts the efforts of some groups to seize additional carbon revenues in the APA for purposes that could undermine the intent of these provisions. Specifically, special interests and transportation industry lobbyist groups claim they are entitled to additional revenue from pollution permit sales, calling for a substantial increase in traditional highway spending. We urge you to reject such claims. The current proposal's investments in infrastructure and planning are well-aligned with the bill's overall goals. The industry scheme to deposit all transportation-related pollution revenue in the Highway Trust Fund would simply support a failing transportation policy that has driven

up pollution and fuel use for decades. Further, this could undermine the APA's support for an ample array of benefits to consumers, investments in clean energy, and deficit reduction measures.

Transportation must be part of the solution to our energy and climate challenges, since it accounts for nearly 30 percent of U.S. greenhouse gas pollution, and is responsible for 70 percent of the 20 million barrels of oil we use every day. Fortunately as the U.S. Department of Transportation found in their *Report to Congress on Transportation's Role in Reducing U.S. Greenhouse Gas Emissions*, a range of federal policy options could be implemented by Congress and the states to reduce transportation's contribution to global warming and energy use. And last year's landmark study *Moving Cooler* found that a broad package of such measures could reduce transportation sector carbon emissions by as much as 24 percent by 2050, with even higher reductions possible with a firm limit on global warming pollution. The report found that these policies would also reduce transportation costs for consumers.

Clean transportation policies like those in the APA are also potent job creators. A recent report from the University of Massachusetts found that transportation projects that reduce global warming pollution, such as those supported by the APA, create significantly more direct employment than traditional transportation investments. A recent Duke University report found additional untapped employment potential up and down supply chain for transit system components.

Taken together the transportation provisions in the APA would reduce global warming pollution and oil consumption, enhance energy security, and create transportation-related manufacturing and construction jobs. They would productively engage rural, suburban, and urban areas in the effort to cut carbon pollution and oil dependence while enhancing economic development and quality of life in local communities. We look forward to working with you and your staff to send comprehensive energy and climate legislation that includes the policies highlighted above to President Obama this year.

Sincerely,





Cc:
The Honorable Lindsey Graham
Majority Leader Harry Reid
Chairman Max Baucus
Chairman Barbara Boxer
Chairman Christopher Dodd
Ranking Member Chuck Grassley
Ranking Member James Inhofe
Ranking Member Richard Shelby