

June 11, 2008

The Honorable Robert C. Byrd  
U.S Senate Committee on Appropriations  
Room S-128, The Capitol  
Washington, DC 20510

Dear Mr. Chairman:

As you consider allocations to the twelve appropriations subcommittees in accordance with Section 302(b) of the Budget Act, we, the undersigned associations representing some 240 member companies, urge you to provide the Energy and Water Development Subcommittee enhanced funding for the vital fossil energy research, development and demonstration (RD&D) programs under the Subcommittee's jurisdiction.

We recognize that there are many important and competing priorities under the Appropriations Committee's jurisdiction and that the hour is late for your consideration of this letter. Nonetheless, we are compelled to stress the importance of federal investments in fossil energy research and the urgency of initiating this enhanced federal research now.

America depends on fossil resources for 85 percent of its energy requirements. Research sponsored by the Office of Fossil Energy is focused on developing affordable mechanisms to utilize our plentiful domestic fossil resources efficiently and cleanly.

Beyond meeting the goals of sound energy policy and current environmental regulations, investments in fossil RD&D are needed now more than ever to prepare for an efficient transition to likely limits on carbon emissions. Under business as usual funding levels, the Department of Energy estimates that the current fossil energy RD&D program will provide advanced coal technology with carbon capture and storage (CCS) in the 2030 time frame. We believe it is conservatively realistic to project that an annual Fossil Energy RD&D budget of \$ 1.5 billion dollars, \$1 billion more per year than current appropriations, could, among other benefits, accelerate the wide-scale deployment of advanced coal technology with CCS by at least ten years. If this accelerated deployment time frame is realized, significant benefits would accrue. According to an independent analysis of the Lieberman-Warner Bill by the Heritage Center for Data Analysis, the benefits of accelerating the development of CCS technology from 2030 to 2018 would result in a cumulative net savings, through 2030, representing \$3.3 trillion dollars of gross domestic product (inflation-adjusted dollars, indexed to the 2000 price level) and nearly 7 million jobs.

This proposed expenditure of an additional \$10 to \$12 billion over the next decade, or so, results in a huge payback on each federal dollar invested, roughly 275 to 1; a return that is likely among the most significant investments the federal government will ever make short of protecting our national security during wartime. Moreover, we believe that, in a

very real sense, economic and energy security is key to our national defense. The defense of our American economy will indeed be a fierce battle that requires absolute national resolve as we endeavor to preserve and build jobs for the next generation while conquering immense and costly environmental challenges

While the proposed budget increase may seem daunting, we note that what we are proposing for fossil energy research is still 20 percent less, in constant dollars, than Congress appropriated for this same research category in 1980. Our Nation seems to have lost its commitment to energy research since that time. Please be assured that our members are prepared to work hand-in-hand with Congress and the Administration to restore the national resolve for sound investment in fossil energy research.

We urge you to make an FY2009 allocation to the Energy and Water Development Appropriations Subcommittee that permits these savings to occur. Please contact Lynn Schloesser at (703) 524-7661 if you or your staff wish to discuss this request in more detail.

Thank you for your consideration of this exigent need.

Sincerely,



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Owen A. Kean  
Senior Director, Energy Policy  
American Chemistry Council



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Paul Cicio  
President  
Industrial Energy Consumers of America



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James Childress  
Executive Director  
Gasification Technology Council

Bcc: Senator Cochran  
Senator Dorgan  
Senator Domenici  
C. Kieffer  
B. Evans  
D. Clapp  
S. O'Malia  
F. Wuerfmannsdobler



Data sources: 3<sup>rd</sup> paragraph: 85.3% from EIA AEO 2008

3<sup>rd</sup> paragraph: Heritage report available upon request

5<sup>th</sup> paragraph: FY1980 FE Research-only appropriation was 849.9. In constant 2008 \$'s (using GDP deflator, a very conservative tool) that number would be \$1.881 billion. \$1.5 billion is 20% less than \$1.881.