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United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

WASHINGTON, DC 20510-6175

June 23, 2009

Douglas W. Elmendorf, Director
Congressional Budget Office
U.S. Congress
Washington, DC 20515

Dear Director Elmendorf:

Thank you for the recent analysis you prepared on the potential effects on households of the cap-and-trade program that would be implemented pursuant to H.R. 2454, the American Clean Energy and Security Act of 2009, as reported by the House Committee on Energy and Commerce on May 21, 2009.

In your analysis, CBO acknowledged that "estimates of the average net cost to households under H.R. 2454 do not reveal the wide range of effects that the cap-and-trade program would have on households in different income brackets, different sectors of the economy, and different regions of the country." On the Environment and Public Works Committee, we have members from the Midwest (Missouri, Ohio, Minnesota), South (Tennessee, Louisiana), Great Plains (Oklahoma), Mountain West (Idaho, Wyoming, Montana, New Mexico), West Coast (California, Oregon) and Northeast (New Jersey, Delaware, Maryland, Vermont, Rhode Island, New York, Pennsylvania). We are very interested in analysis of the regional impacts of this legislation. Indications from analysis of the allocation formula in H.R. 2454 are that electricity consumers in relatively less populated Midwestern and Southern states that rely primarily upon coal to generate electricity will suffer greater hardships from the program than consumers in populous, natural gas burning and hydro-powered states on the West Coast and in the Northeast, which might actually receive a windfall under the formula.

With these issues in mind, please answer the following questions:

Will the distributional effects of H.R. 2454 vary significantly by region of the country?

Did CBO analyze the regional disparities of H.R. 2454, and if so please provide that analysis.

Thank you in advance for your response to these questions. If you have any questions please contact Tom Hassenboehler of the Environment and Public Works Committee, (202) 224-6176.

Sincerely,



James M. Inhofe
Ranking Member
Senate Committee on Environment and
Public Works