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United States Senate
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, DC 20510–6175

April 9, 2008

Peter R. Orszag, Director
Congressional Budget Office
Ford House Office Building, 4th Floor
Second and D Streets, SW
Washington, DC 20515

Dear Director Orszag,

On December 5 of last year, the Senate Committee on Environment and Public Works voted to report S.2191, the Climate Security Act, favorably to the full Senate. Later that month, your office notified the Senate and House Budget Committees of the way in which the Congressional Budget Office would treat auctioned and freely allocated emission allowances in estimating the net cost to the federal government of cap-and-trade climate bills such as S.2191. That treatment will, we understand, lead CBO to estimate that the version of S.2191 reported by our committee would impose a net cost on the federal government.

Our intent is that S.2191 impose no net cost on the federal government when analyzed by CBO in its cost estimate. Based upon our consultation with your staff, we have drafted the attached amendment to achieve that intent. We plan to include it when S.2191 is considered on the floor by the full Senate.

We request that you provide us with an analysis of the attached amendment's effect on the estimated net cost of S.2191. As discussed, we ask that you provide us with that analysis when you release CBO's statement on the cost of the committee-reported bill.

Thank you very much for your consideration.

Sincerely,

Barbara Boxer
Chairman,
Committee on Environment and Public Works

Joseph Lieberman
Chairman,
Subcommittee on Private Sector and Consumer
Solutions to Global Warming
and Wildlife Protection

John Warner
Ranking Member,
Subcommittee on Private Sector and Consumer
Solutions to Global Warming
and Wildlife Protection

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