Alaska Wilderness League • Audubon • Center for International Environmental Law • Clean Water Action • Defenders of Wildlife • Earthjustice • Environment America • Environmental Defense Fund • Friends of the Earth • League of Conservation Voters • League of Women Voters of the United States • Natural Resources Defense Council • Sierra Club • Southern Alliance for Clean Energy • The Wilderness Society • Union of Concerned Scientists

September 18, 2008

Pass Clean Energy Incentives; Strip out Provisions that Support Dirty Fuels

Dear Senator,

On behalf of our millions of members and activists, we urge Congress to pass the clean energy tax incentives included in the Energy Improvement and Extension Act of 2008 and strip the bill of incentives for dirty fossil fuels. Congress should take this opportunity to promote a new energy economy and begin the fight against global warming, and not reward the big oil and dirty coal industries.

The bill would extend federal tax incentives for energy efficiency and renewable energy technologies that have expired or will expire at the end of this year. These incentives must be extended immediately to avoid significant harm to the developing clean energy industries in the United States. The technologies produced by these industries play a vital role in reducing global warming pollution, creating new high-wage jobs in our country, and saving consumers and businesses money on their energy bills.

The extensions would help consumers and businesses reduce their energy consumption immediately, and in so doing blunt the impact of high energy bills. The greater use of energy efficiency and renewable energy spurred by extending the incentives would also decrease demand for natural gas, which in turn would help reduce natural gas prices. High natural gas prices are putting significant upward pressure on inflation and consumer energy bills. The incentives will help create new high-wage jobs in the clean energy technology sector and help the U.S. gain ground on other countries that are already ahead of us in the development and deployment of clean energy technologies.

The renewable energy and efficiency provisions have broad support from the nation's largest retailers, leading appliance makers, commercial real estate industry, home insulators, architect association, the solar industry, biomass industry, wind industry, and environmental groups. **However, the bill currently contains several controversial provisions on dirty fuels that we urge Congress to strip before the bill becomes law.** These dirty liquid fuel provisions in the bill would be a major setback in efforts to solve global warming. Extraction of these fuels – tar sands, oil shale and liquid coal – can produce more than twice the amount of global warming pollution as conventional oil. Supporting these fuels through tax incentives is completely at odds with mandatory carbon reductions that we expect Congress will enact in the near future.

The "Refinery Expensing" provision in the bill promotes the production of oil shale and tar sands fuels. This provision expands the Internal Revenue Code Section 179C tax credit to refinery property that is used to directly convert oil shale and tar sands into liquid transportation fuels. The extraction, refining and combustion of oil from shale is likely to generate upwards of four times more greenhouse gasses than conventional fuels and would be mined from some of our most precious wildlands in the Rocky Mountain West.

Tar sands oil from Canada is being extracted from the heart of Canada's Boreal forest, one of the last large intact ecosystems on Earth. The devastating extraction process turns the pristine forest into a moonscape. Tar sands could be produced in the Western United States as well. Canadian tar sands oil already is being refined in refineries in the Midwest and Rockies regions and makes up 8% of the fuel use in our country. Of the half dozen U.S. refinery expansions in the permitting stage, most are multi-billion dollar expansions to take more tar sands oil from Canada. Supporting these refinery expansions through the tax code will impose high costs on taxpayers when oil companies operating in the tar sands are making record profits.

Provisions that incentivize liquid coal are also problematic. Relying on liquid coal would nearly double the global warming pollution per gallon of transportation fuels and increase the damage of coal mining to communities and ecosystems across the country. This fuel has yet to emerge as a significant transportation fuel in the United States and is not a viable fuel in a world where carbon must be reduced. Congress should therefore not provide any support to the development of liquid coal.

Extending the clean energy tax incentives would maintain the growth of energy efficiency and renewable energy industries, which are essential to reducing global warming pollution. **We urge you to support clean energy incentives and strip the dirty fuels provisions before the bill is sent to the president.**

Sincerely,

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