



State of New Mexico

Office of the Governor

Bill Richardson
Governor

May 15, 2009

The Honorable Henry Waxman
House Energy and Commerce Committee
2204 Rayburn House Office Building
Washington, DC 20515-0001

The Honorable Edward Markey, Chairman
Subcommittee on Energy and Environment
2018 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Waxman and Markey:

I commend you for moving forward on the critically important legislation to limit the pollution that causes global warming and to transition America to a clean energy economy. As you do so, I write to emphasize the importance of addressing competitive issues for businesses in the United States, particularly those energy-intensive businesses like New Mexico's small oil refineries.

New Mexico has three small refineries that supply fuel for New Mexico and other western states. The discussion draft of the American Clean Energy and Security Act of 2009 would require these refiners to hold allowances for the emissions associated with the combustion of fuels they produce as well as the direct emissions associated with fuel production. I am concerned about the competitive disadvantage this would place on New Mexico refiners compared to refiners outside the United States that do not have similar requirements.

Ideally, we would have an international framework for reducing greenhouse gas emissions that would level the playing field with our foreign competitors. Until that time, we must move forward with a domestic greenhouse gas reduction program without delay. As we move forward, there are a number of transitional policy options that can address competitiveness issues such as providing small refiners with free emission allowances or additional allowances to help them adjust to the cap-and-trade program. I encourage you to look carefully at fair and equitable ways to shield this industry from added regulatory costs to lower the risk of emissions leakage while still achieving the emission reductions necessary to meet the targets in the bill. Without transitional assistance, New Mexico is likely to lose these small refiners and the jobs associated with them.

Again, I wish to commend your efforts in addressing the enormous challenge of reducing global warming pollutants. Thank you for your consideration of these concerns. Should you or your staff have any questions, please do not hesitate to call my Energy and Environment advisor, Sarah Cottrell, at (505) 476-2241.

Sincerely,

A handwritten signature in black ink that reads "Bill Richardson". The signature is written in a cursive style with a long, sweeping underline.

Bill Richardson
Governor of New Mexico

BR/fl