June 21, 2019

The Honorable Chuck Grassley
Chairman
Senate Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510-6200

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510-6200

Dear Chairman Grassley and Ranking Member Wyden:

The CEO Climate Dialogue writes to thank you for announcing the creation of bipartisan task forces to examine tax policy solutions and request stakeholder comment. While the CEO Climate Dialogue does not have a position on the question of tax extenders, we are interested in informing the Energy Task Force of our recently announced principles on addressing climate change. Jurisdiction for much of this may fall to the Finance Committee. Thus, we respectfully request that these remarks be included in your record of comments and that the committee consider them in its role in addressing climate change.

The CEO Dialogue is a group of 14 U.S. and Global Fortune 500 corporations or their subsidiaries and four leading environmental nonprofit organizations who are committed to advancing climate action and durable federal climate policy in the U.S. Congress. Companies involved in The CEO Dialogue include BASF Corporation, BP, Calpine, Citi, Dominion Energy, Dow, DTE Energy, DuPont, Exelon, Ford Motor Company, LafargeHolcim, PG&E Corporation, Shell, and Unilever. With input from four leading environmental groups – the Center for Climate and Energy Solutions, Environmental Defense Fund, The Nature Conservancy, and World Resources Institute – the group is committed to working with lawmakers to explore various policies designed to address carbon pricing.

As our name implies, the CEOs of the organizations involved in the CEO Dialogue are committed to our goal and Guiding Principles. We believe it is urgent that Congress and the White House enact a long-term federal policy to protect against the worst impacts of climate change, in accordance with a set of six Guiding Principles (which we share below). The group aims to build bipartisan support for climate policies that will increase regulatory and business certainty, reduce climate risk, and spur investment and innovation needed to meet science-based emissions reduction targets.

The CEO Climate Dialogue appreciates the time and consideration the Committee on Finance is giving to energy sector tax policy issues. Effective policy solutions for addressing climate change may partially fall into your committee's jurisdiction. We are encouraged by your efforts and believe the Energy Task Force provides an important opportunity to foster learning and dialogue among multiple stakeholders, including the business community, on the need to accelerate the transition to a low-carbon economy.

Thank you for convening these task forces and for the opportunity to submit this letter for the record. We look forward to working with Congress as you address these issues.

Sincerely,

Timothy J. Mealey
Senior Partner & Managing Director, Meridian Institute
Submitted on behalf of the Members of the CEO Climate Dialogue

Guiding Principles for Federal Action on Climate

It is urgent that the President and Congress put in place a long-term federal policy as soon as possible to protect against the worst impacts of climate change. Acting sooner rather than later allows us to meet the climate challenge at the least possible cost and put the necessary investments in place in time to meet our emissions targets. Adherence to the full set of the following principles can help ensure success:

1. **Significantly reduce U.S. greenhouse gas emissions** so that the U.S. is demonstrably a leader on global efforts to effectively limit climate change. Specifically, U.S. policy should ensure the country is on a path to achieve economy-wide emissions reductions of 80% or more by 2050 with aggressive near and mid-term emission reductions commensurate with this goal.

2. **Effective**: A key test of any climate policy is whether it will deliver timely emissions reductions across the economy and includes mechanisms that provide certainty that emission goals are met. The timeline for reductions must allow capital intensive industries to adjust in an economically rational manner. Policies must encourage investment and planning decisions consistent with the timeframes needed. Policies must focus on emissions reductions outcomes, not specific resources or technologies.

3. **Market-based:** An economy-wide price on carbon is the best way to use the power of the market to achieve carbon reduction goals, in a simple, coherent and efficient manner. We desire to do this at the least cost to the economy and households. Markets will also spur innovation, and create and preserve quality jobs in a growing low-carbon economy.

4. **Durable and responsive:** Well-designed and stable policies will deliver predictable results and increase public support over time, providing durability across time and political cycles. Policies should be adaptive over time in terms of pace and scope of reductions as our understanding of climate change, policy impact, and technological changes evolves.

5. **Do no harm:** Policies must support the competitiveness of the U.S. economy. Policies must address emissions leakage that can undermine climate objectives. Policies must also safeguard against negative impacts on biodiversity, land, and water.

6. **Promote equity:** Unabated climate change is a major threat to the U.S. economy. Therefore, policies to address climate change, which may also entail some cost, must provide transparency and promote affordability while distributing costs and benefits in such a way that promotes equity. Policies must include mechanisms to invest in American workers, and in disadvantaged communities that have the least resources to manage the costs of climate change.