



NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540

Phone: 609.524.4500
Fax: 609.524.4501

TESTIMONY OF DAVID CRANE
HOUSE ENERGY & COMMERCE COMMITTEE HEARING
JAN. 15, 2009

Mr. Chairman and Members of the Committee: Thank you for your invitation to testify today as a member of the United States Climate Action Partnership, or USCAP. My name is David Crane, and I am President and CEO of NRG Energy, Inc. NRG, which is based in Princeton, New Jersey, is NOT a rate-based utility but rather is a competitive power generation company with 24,000 megawatts of generating capacity located primarily in Texas, Louisiana, California, and across the Northeastern United States. Our existing portfolio consists of natural gas, oil, coal, nuclear, and wind plants. In June 2006, motivated in part by a desire to revitalize our aging fleet of assets and, in equal part, by a desire to reduce substantially the carbon intensity of our fleet, we began the addition of more than 10,000 MW of new low and no carbon wind, solar and nuclear generating assets in anticipation of the enactment of comprehensive federal climate change legislation. We have made slow but steady progress with our *Repowering NRG* initiative, which involves more than \$15 billion worth of new energy investment.

Climate change legislation is one of our very highest corporate priorities, for three reasons. First, it is our belief that addressing climate change is the paramount challenge facing our generation of American political and business leaders and that it is a moral imperative – akin to workplace safety in the first decade of the previous century – that we act and that we act without any more delay. Second, as one of the Country's top ten carbon-emitting power generators, we know that the power sector is a major part of the climate change problem, but we also are mindful of the opportunity for the power sector to be an even bigger part of the solution through the wider adoption of carbon-free electricity as the energy source of the future for the transportation and industry sectors. Third, to be successful, climate change legislation needs to provide both the missing “stick” of a price signal to emitters, and the well-designed “carrot” of policy support to help us demonstrate and deploy the new technology needed to reduce severely greenhouse gas emissions without sacrificing the American way of life.

We are a member of USCAP because of the unique make up of its membership. Over the last two years, 26 major American corporations committed to addressing this extraordinary issue but equally committed to doing so in a way that does not compromise our customers, employees and other stakeholders. Within that framework, and seeking to harness the potent force of our free enterprise system, we came together with five of the most knowledgeable and dedicated non-governmental organizations to attempt to work though the single best way to help achieve the overriding common goal. By dint of hard work, problem solving and tough compromises, and most importantly, by never losing sight of or appreciation for what was at stake, USCAP succeeded in developing an economically sustainable, environmentally effective climate policy package that is both pragmatic and progressive. Quite simply, if we could not have reached such a compromise between major business and major environmental interests, it would have been unfair to ask Congress to do so. But we have, and we now implore Congress, and all of its members, regardless of party or geographical affiliation, to take up this issue, in all of its complexity, being mindful of its surpassing importance, and to pass comprehensive climate change legislation for consideration by the new Administration.

In January 2007, USCAP launched its landmark *Call for Action*¹, which lays out a framework for climate protection legislation. USCAP today includes 31 businesses and leading environmental organizations.² USCAP recognizes that the United States faces an urgent need to reinvigorate our nation's economy, make the country more energy secure, and take meaningful action to slow, stop and reverse GHG emissions to address climate change. It is my view that thoughtful and comprehensive national energy and climate policy will help secure our economic prosperity, while providing American businesses and the nation's workforce with the opportunity to innovate and succeed.

We support enactment of an economy-wide, market-driven approach which includes a well-crafted cap-and-trade program with specified limits on GHG emissions, robust cost-containment measures, as well

¹ A *Call for Action* available at: <http://us-cap.org/USCAPCallforAction.pdf>.

² The current members of USCAP are: Alcoa; American International Group, Inc.; Boston Scientific Corporation; BP America, Inc.; Caterpillar Inc.; Chrysler LLC; ConocoPhillips; Deere & Co.; Dow Chemical Company; Duke Energy; DuPont; Environmental Defense Fund; Exelon Corporation; Ford Motor Company; FPL Group; General Electric; General Motors Corporation; Johnson & Johnson; Marsh, Inc.; Natural Resources Defense Council; NRG Energy; PepsiCo North America; Pew Center on Global Climate Change; PG&E Corporation; PNM Resources; Rio Tinto; Shell Oil Company; Siemens Corporation; The Nature Conservancy; World Resources Institute; and Xerox Corporation.

as complementary policies and measures to supplement the cap-and-trade program, and a fully funded federal technology research, development, demonstration, and deployment program for climate-friendly technologies. Properly designed legislation will encourage innovation, enhance America's energy security, foster economic growth, improve our balance of trade, and provide critically needed U.S. leadership on this vital global challenge.

I certainly recognize the challenge facing this Committee in crafting comprehensive climate change legislation and I very much hope that the Committee will call upon our unique partnership to help sort through these complexities. The need to begin the transformation of our economy to a sustainable, secure, low-carbon future is compelling and timely; indeed, this will only become more difficult and more costly, if Congress delays action.

Recent debate surrounding the crafting of an economic stimulus package early in the 111th Congress has included discussion of such an energy investment. NRG agrees that such efforts can and should be taken as early as possible. Additionally, a central tenet of the *Call for Action* is that in order to effect the change needed throughout the economy, an economy-wide cap-and-trade system is essential. I am convinced that this combination of policies, complementary measures and price signals will spur the innovation through which America has always excelled. When given the proper tools, incentives and market signals, the American entrepreneurial spirit will lead to sustainability solutions required to meet our many economic, energy, environmental and national security challenges.

USCAP has attempted to help inform congressional deliberations over the past two years. Following our *Call for Action*, we have provided Congress with international principles and more detailed information on the topics of cost containment, energy efficiency, geologic carbon storage technologies and a greenhouse gas registry. Further, our diverse and broad-based coalition has and will continue to serve as a sounding board for policy-makers as they contemplate legislative options.

Over the past six months, USCAP members have worked diligently to refine our policy objectives in order to better advise Congress and the incoming Administration on workable solutions. We have agreed upon a framework for a balanced and integrated approach to key linked issues that must be addressed in any national climate legislation.

USCAP is committed to helping Congress find workable, cost-effective approaches to climate change. We believe that path forward exists and that we must embark on the journey with deliberate speed.

Representing many sectors of the economy, we believe we are in the unique position to work with the President-elect, Congress and all other stakeholders to enact an environmentally effective, economically sustainable and fair climate change program. We look forward to working with this Committee in the 111th Congress to ensure prompt enactment of national climate protection legislation.