



**USCAP TESTIMONY FOR HOUSE ENERGY & COMMERCE COMMITTEE
THE U.S. CLIMATE ACTION PARTNERSHIP HEARING
JANUARY 15, 2009**

Mr. Chairman and Members of the Committee:

Thank you for your invitation to appear today as a member of USCAP. I am Jim Mulva, Chairman and CEO of ConocoPhillips. I am pleased to be here today to participate in this important hearing, and to share with you my views on the critical need for the U.S. to adopt a national legislative framework to address greenhouse gas (GHG) emissions. ConocoPhillips is an international, integrated energy company. In the United States, we are the third-largest integrated energy company, based on market capitalization, and the second largest refiner, with crude oil processing capacity of approximately 2 million barrels per day. In addition, we are a leading North American producer of cleaner-burning natural gas. We believe that we must act now in a united effort to slow, stop and reverse the growth of GHG emissions. Each year the United States delays enacting a federal framework to control its emissions, the greater the future risk. From an oil and gas perspective, we understand that this means fundamental changes in the way we operate and in the fuels we produce. As an industry and as a company, we will need to develop and deploy new technologies to address our GHG footprint, and we will need to develop and deliver the products necessary to meet the demands of a low-carbon economy. ConocoPhillips is ready to meet the challenge, but we and others need an effective, efficient and equitable federal

program in place to establish the rules and to encourage the technology development and investments necessary for change.

USCAP has been working on an integrated package on various linked policy recommendations to share with members of Congress, including a set of recommendations for the transportation sector.

USCAP launched its landmark report, titled *A Call for Action*¹, in January 2007, which lays out a framework for climate protection legislation. Today it includes a diverse group of companies representing a broad swath of the economy and leading environmental organizations. 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. Thoughtful and comprehensive national energy and climate policy will help secure our economic prosperity and provide 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 that places specified limits on GHG emissions, robust cost-containment measures, complementary policies and measures to supplement the cap-and-trade program, as well as 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 in this vital global challenge.

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

We recognize the challenge facing this Committee in crafting comprehensive climate change legislation, and we 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. We agree that such efforts can and should be taken as early as possible. Additionally, a central tenet of our *Call for Action* is that in order to effect the change needed throughout the economy, an economy-wide cap-and-trade system is essential. When combined with complementary measures, the resulting new vision and policy direction will spur the innovation through which America has always excelled. We understand that this is not the only approach or path forward, and we stand ready to work with Congress and others to develop environmentally protective, economically sustainable and fair climate change legislation.

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 the Committee in the 111th Congress to ensure prompt enactment of national climate protection legislation.

Again, Mr. Chairman, on behalf of ConocoPhillips thank you for the opportunity to participate in today's hearing. Our company looks forward to working with you on this important issue.