

**TESTIMONY OF BETSY BLAISDELL  
SENIOR MANAGER, ENVIRONMENTAL STEWARDSHIP FOR  
THE TIMBERLAND COMPANY  
BEFORE THE  
SUBCOMMITTEE ON ENERGY AND POWER  
OF THE  
HOUSE ENERGY AND COMMERCE COMMITTEE**

February 9, 2011

***Summary of Key Points in Testimony:***

- I am here on behalf of The Timberland Company, which produces boots, clothing and gear for the outdoors, and on behalf of “BICEP” – Business for Innovative Climate and Energy Policy – of which Timberland is a member. BICEP members also include other major consumer/household brand companies, such as Nike, Starbucks, Levi Strauss & Co., Best Buy, Target, Symantec, The Gap, and more. Timberland and the other BICEP companies believe that we need strong energy – and climate – policies to protect our supply chains, ensure market certainty, as well as to help create jobs, level the playing field among businesses, enhance economic development and ensure our global competitiveness as we move into the future.
- While we prefer Congressional action to Executive Branch regulation, the latter is necessary when Congressional leadership is lacking. Current EPA regulations, as well as those under development, would help protect our economy, as well as human health and the environment.
- Mr. Chairman, we couldn’t agree more with a couple of the statements you made in your press release regarding your premises for introducing this legislation: that is, that “1) Congress, not EPA bureaucrats, should be in charge of setting America’s climate change policy; and that 2) A 2-year delay of EPA’s cap-and-trade agenda provides no meaningful certainty for job creators, fails to protect jobs, and punts decision-making in Congress on a critically important economic issue past the voters and the election next year.”
- Indeed, Congress *should* be setting America’s climate policy. And, a two-year delay *would* create more uncertainty and lead to the other problems you correctly point out. However, our conclusions diverge from here.
- Timberland and the other BICEP companies care about climate and energy policies because our supply chains are affected by current and projected climate impacts, our consumers and employees demand that we take action, and more. We also need long-term market certainty. We are proactively taking steps to be sustainable, including in the Chairman’s home state of Kentucky.
- Rather than going after EPA’s ability to regulate, including repealing a number of its current actions, Congress should act responsibly and develop sound energy and climate policy. We hope to work with you on a bi-partisan basis to produce sound energy policies we all can be proud of and on which virtually everyone on and off Capitol Hill recognize will help move us toward a better path for job creation, economic growth, and global competitiveness.

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Good morning Chairman Whitfield, Ranking Member Rush, full Committee Chairman Upton and Ranking Member Waxman, and distinguished Members of this Subcommittee. I appreciate the opportunity to testify at today's hearing.

I am here on behalf of The Timberland Company, which produces boots, clothing and gear for the outdoors, and on behalf of "BICEP" – Business for Innovative Climate and Energy Policy – of which Timberland is a member. BICEP members also include other major consumer/household brand companies, such as Nike, Starbucks, Levi Strauss & Co., Best Buy, Target, Symantec, The Gap, and more. Timberland and the other BICEP companies believe that we need strong energy – and climate – policies to protect our supply chains, ensure market certainty, as well as to help create jobs, level the playing field among businesses, enhance economic development and ensure our global competitiveness as we move into the future. While we prefer Congressional action to Executive Branch regulation, the latter is necessary when Congressional leadership is lacking. Current EPA regulations, as well as those under development, would help protect our economy, as well as human health and the environment.

Mr. Chairman, we couldn't agree more with a couple of the statements you made in your press release highlighting your premises for introducing the legislation that is the topic of this hearing: that is, that "1) Congress, not EPA bureaucrats, should be in charge of setting America's climate

change policy; and that 2) A 2-year delay of EPA's cap-and-trade agenda provides no meaningful certainty for job creators, fails to protect jobs, and punts decision-making in Congress on a critically important economic issue past the voters and the election next year.”

Indeed, Congress *should* be setting America's climate policy. And, a two-year delay *would* create more uncertainty and lead to the other problems you correctly point out. However, our conclusions diverge from here. I will elaborate on these points in a moment.

But, first, you might ask why Timberland and the other BICEP companies care about climate and energy policies. We care because our supply chains are affected by current and projected climate impacts. Raw materials for Timberland products, as well as for Levi and Gap jeans, Nike sneakers, and Starbucks' coffee plantations depend on water. If there is less water, due to projected changes in climate, we will all struggle to produce products that meet the demands of our consumers. And, we will continue to suffer as weather events grow in severity and frequency, which interrupt our ability to move products to consumers. This costs us time and money – and further hinders our ability to keep up with our competitors overseas. Moreover, our employees and consumers are demanding that we take actions to reduce greenhouse gas emissions.

For a global company, addressing climate change is no small task. It requires a long-term strategy that enables us to develop and implement strategies at the same time that we are meeting the demands of the marketplace. We need policies that will create the long-term market certainty that parallels our planning timelines. I recognize that some entities, including some whom we have or might hear from today, prefer to take a chance on doing nothing on the policy front

and/or on doing everything possible to prevent legislative or regulatory action from moving forward – and even trying to “roll it back”. However, many more companies recognize that we need to act to address the “critically important economic issue” we face in addressing our nation’s climate and energy issues, and that acting sooner rather than later is more prudent, cheaper in the long run, and will help avoid the worst potential projected impacts and hopefully help avoid more costly scenarios down the road that might occur, if we do nothing in the near term – or worse, roll back the protections we already have in place.

Timberland is taking steps to be a leader in sustainability. In 2006 our company created a voluntary cap on its greenhouse gas emissions – essentially regulating ourselves to deliver on our shareholder promise while being a leader with regard to energy consumption and greenhouse gas emissions. Since then we have reduced our greenhouse gas emissions for our facilities and operations by more than 40 percent, which has saved us over one million dollars a year – a significant savings for a company of our size during a tough economy. Investing in renewable energy in states like California has proven to be an effective hedge for rapidly rising utility costs. Energy efficiency in our corporate facilities and stores has cut our energy consumption by more than 30 percent and in these instances our payback has been under two years (usually under one). “Nutrition labels” on our products communicate our progress to our consumers. These labels, combined with Earthkeepers footwear that is designed to have a smaller climate impact, have helped drive remarkable growth while many of our competitors have struggled to survive. In your home state of Kentucky, Mr. Chairman, after years of conversation with the local utility, we finally negotiated a deal to source electricity from a certified small scale hydropower facility on the Kentucky River. While we pay a premium for the power, the benefits outweigh the costs. Our climate impact is dramatically reduced and the local community benefits from having an

emissions-free, renewable source of power that is a scenic learning lab for the children in and around Danville. I am afraid, Mr. Chairman, that your bill, if passed, could create the type of delay and/or uncertainty, of which you expressed fear. In turn, it would become more difficult for companies like ours to implement such clean and innovative projects that also help create good, local jobs.

While Congress should be creating America's climate policy and while most businesses prefer this route, because Congress has failed to do so for the last two years, the last ten years, or prior to that, we must "fall back" on EPA's authority and regulations. EPA protects human health and the environment, as I stated a few moments ago.

Preventing EPA from exercising its authority or rolling back any of its actions would cost the economy in human health, in terms of illness that often results in lost work days, and more. More specifically, in 2010 alone, the Clean Air Act protections helped avoid 13 million lost work days, thereby helping maintain or increase our nation's economic productivity.<sup>1</sup> EPA must be allowed to continue to exercise its authority and move forward with its recent actions.

Without EPA and its protections, we could fall behind other industrialized nations; we might face the types of pollution that Eastern European and many Asian nations have been facing as they industrialize. The results to air and water quality, buildings, landscapes, and people is dramatic and keeps these countries from moving forward to the extent they otherwise could, if

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<sup>1</sup> U.S.EPA, Office of Air and Radiation, *The Benefits and Costs of the Clean Air Act: 1990 to 2020, Revised Draft Report, 5-22 (August 2010)* (online at: <http://www.epa.gov/oar/sect812/aug10/fullreport.pdf>).

they had such protections in place. We do not want to face such situations here in this country or step back to the days of Pittsburgh during the 1960s and 1970s, for example. Look at how protections in that city have helped foster prosperity, economic development and have turned it around over the past several decades.

On the second point in your press release, again, we agree: a two-year delay on EPA's regulation of greenhouse gas (GHG) emissions *would* enhance uncertainty in the marketplace and hinder job creation, as well as delay critical decisions that Congress should, in fact, be making.

So, rather than going after EPA's ability to regulate, including repealing a number of its current actions, Congress should act responsibly and develop sound energy and climate policy. Some of America's largest businesses have been leaders in addressing energy, climate and sustainability, and stand ready to work with Congress to develop responsible policies in these areas. In lieu of such action, however, EPA must be allowed to do its job – and let me reiterate that many U.S. businesses, including the BICEP companies, in fact, do prefer EPA regulation to no protections at all, as I previously mentioned.

My understanding is that the recent California and federal vehicle-related greenhouse gas emissions reductions standards – which were achieved with industry and government consensus – are saving consumers nearly \$60 billion more than CAFÉ standards alone and reducing fuel consumption by 33 percent more than CAFÉ standards alone (not to mention achieving 47 percent more carbon reductions), according to a February 7 NRDC blog. We cannot afford to lose these fuel and cost savings. A next round of negotiations and standards for Model Years

2017 and beyond for cars is supposed to begin in the not-too-distant future. Your bill would stop this next round of vehicle GHG emissions reductions standards from going forward. Imagine the fuel and cost savings such standards could achieve. But, we will not realize these savings, if your bill becomes law.

I will just make a few last points, before I conclude. Cap-and-trade was developed under President Bush I to help control sulfur dioxide emissions from power plants using a market-based approach. I believe we could work together to develop market-based approaches to controlling greenhouse gas emissions and enhancing the clean energy resources we use – indeed, we will need all of the energy resources at our disposal; let’s expand beyond the traditional energy sources we have and will continue to need to meet future population energy demands as well as human health and environmental protection needs and bring into the marketplace as many cost-effective energy resources as possible. In the process, we will launch innovative clean energy and energy efficient technologies that reduce harmful (GHG) emissions in the most cost-effective way possible, because that is how these market-based programs work. Is there a cost to such a program? Yes. But, the costs are less than the costs of inaction, based on widely-cited figures. And, a true carbon tax would likely be more “efficient” from a market perspective, but is not politically popular, as you know. Referring to “cap-and-trade” as a “cap-and-tax” program is a misnomer and is misleading to Members on the Hill and to the general public. I recognize, however, that most Members do not want to enact such legislation this term.

Regardless, I look forward to constructive policy debates moving forward that focus not on rolling back current and pending regulations, but on the best ways in which businesses can work with Congress to develop sound energy policies: policies that meet the criteria and avoid the

pitfalls you set out in your press release, and with which the vast majority of businesses would resoundingly agree. Let's work on a bi-partisan basis to produce sound energy policies we all can be proud of and on which virtually everyone on and off Capitol Hill recognize will help move us toward a better path for job creation, economic growth, and global competitiveness.

Thank you, Mr. Chairman.