



From the Vice President's Desk

January 21, 2010

Dear Brothers and Sisters:

I recently received from USW Local 558 a letter sent to several USW National Oil Policy Bargaining Locals which highlighted concerns with cap and trade legislation and the position advocated by our Union. I understand and appreciate a lot of the concerns expressed in this letter. Climate change is an issue with many moving parts and our Union is working hard to make sure that all of these parts work to the benefit of our members, not to the detriment.

Our Union has a long history of working to advance environmental policies that make our members' workplaces and communities safer, but we have an even longer history of ensuring the preservation of our members' jobs and the strength of their industries. We believe we can achieve both with climate change legislation, and are working hard to do so.

No matter what one's view of whether or not there is global warming, the fact is that President Obama is committed to securing an international agreement and Congress is hard at work on legislation to address

the issue. Ignoring the issue will not make it go away nor will it protect the interests of our members. Rather than taking the defensive stance some of our members' industries have, our Union has spent the last three years working closely with congressional leaders on the elements of this bill that are critical for our members and their industries. We believe that by working with Congress, we can achieve two goals: (1) Shape a policy that will make our communities and our world cleaner and safer for our workers and generations to come; and (2) Develop a bill that is a "jobs" bill that preserves existing jobs, revitalizes domestic manufacturing, puts our members and millions of other Americans back to work, and invests in American industry and ingenuity.

In 2007, the Supreme Court ruled that the Clean Air Act gives the Environmental Protection Agency (EPA) the authority to regulate greenhouse gas emissions (GHG's) if they are a threat to human health and welfare. In December of 2009, the EPA officially declared that carbon dioxide – and five other GHG's – from the burning of fossil fuels poses a threat to human health and welfare. This ruling allows EPA to start the process of regulating emissions from facto-

ries, automobiles, power plants and other major sources – including refineries – under the Clean Air Act.

At the same time, Congress is also trying to tackle the issue of climate change by working to pass its own approach on GHG reduction policy. With the EPA working on regulations and Congress shaping a bill, climate policy will, without a doubt, be implemented. The goal of the leadership of the Union is to ensure that any legislation or international agreement is based on the principle that environmental protection should also support workers' economic interests. This issue can be a "win-win" situation and that is what we are fighting for.

The last issue of *The Oil Worker* highlighted some of the key policy pieces our Union was able to achieve in the climate bill (H.R. 2454) passed by the House of Representatives in June 2009, and sought to challenge much of the rhetoric you are undoubtedly hearing from your employer. While not perfect, the House-passed bill was a good first step. In it, our Union was able to achieve the following:

- Increase the level of free monetary assistance (transition

assistance/free allowances) that will go to industrial facilities in the early years of the climate program to allow them to keep their doors open and our members employed. **Refiners will receive assistance from 2014-2026. Funds are reserved to provide additional assistance to small refiners. It is estimated that the refinery allocation will cover one half of the compliance obligation for plant emissions at big oil companies and roughly all of this obligation for small business refiners;**

- Include a trade mechanism called a “border measure” that would place a fee on any imports coming from nations that have not enacted similar climate policy. This is called “global warming” for a reason and the U.S. should not take steps that will simply result in more off-shoring or outsourcing of production by simply moving emissions instead of reducing them;

- Include investment incentives that would give industrial facilities access to capital so that they can make energy efficient and other low-carbon technology improvements;

- Include strong worker retraining provisions in the event any of our members lose their job as a result of

this legislation.

In order to achieve the goals of climate change legislation, all of these elements—including additional manufacturing investments—must be included in the policy. The only way to ensure these things for our members and their industries is to be at the table and work productively with members of Congress. **Failing to participate in congressional or international negotiations would certainly guarantee the type of devastation that was outlined in Local 558’s letter.** Not just in the refining industry, but in all of the manufacturing industries that employ our members. The provisions above will not be achieved if GHG regulation is administered by the EPA.

While the refining industry has made negative claims about the effect of this legislation on its operations, the fact remains that the American Petroleum Institute found that under the House-passed bill, U.S. oil refining would increase through 2030, and oil imports would decrease. That is because the House bill provides incentives for domestic oil production. In addition, the expected added cost from a climate change bill, per gallon of refined gasoline, is less than one cent per gallon.

Our Union wants to work productively with lawmakers as they shape policies that will take us into our new energy future, but let’s be clear, at no point do we plan on leaving our members in the refining sector behind. We do not believe there is a single silver bullet. Rather, our energy future must include a diverse portfolio of energy sources that does not only include renewables, but oil and gas as well.

Much work has been done to try to create a climate bill that achieves both our environmental and economic goals, but there is much more work to do. The Senate is now working on its version of a climate bill. We are working to ensure the pieces outlined above are not only included, but strengthened. Some members of Congress are on the fence on this issue, but there are also members of Congress who are committed to this bill working for working people. By working with these leaders, we hope to come away with a Senate bill our Union can ultimately support and help pass. No climate bill can pass the Congress which does not recognize the need for a broad and diverse national energy portfolio, which includes and will continue to include oil. We simply will not allow that to happen.

As we continue throughout the process, please do not hesitate to contact me or my staff with any additional questions or concerns.

In solidarity,



Gary Beevers
International Vice President

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