



November 17, 2009

The Honorable Blaine Luetkemeyer  
United States House of Representatives  
1118 Longworth House Office Building  
Washington, DC 20515

Dear Congressman Luetkemeyer:

I am writing in regards to the companion bills H.R. 2454 - the American Clean Energy and Security Act of 2009 and S. 1733 - the Clean Energy Jobs and American Power Act. As currently written, we have grave concerns and oppose this legislation for the detrimental impact it will have on the University of Missouri System. The proposed cap and trade model will significantly increase the energy expenditures for all four of our campuses. Implementation is expected to increase electricity costs up to 50 percent and coal and natural gas costs by 30 percent or more. Given the impact of such unsustainable increases on the University's already hard-pressed budget, we urge you to oppose these bills or ensure that specific exemptions are included.

The University of Missouri-Saint Louis and the University of Missouri-Kansas City purchase all of their electricity and use natural gas for heat. The University of Missouri-Columbia (MU) and Missouri University of Science and Technology use coal and natural gas to operate Combined Heat and Power (CHP) systems to provide a majority of heat and electricity to their campuses. Within the cap and trade provisions, MU's power plant is considered a "covered entity" and would be required to participate in the purchase of credits. This requirement could translate into increased costs of \$5M - \$8M during the initial implementation phase and \$1M - \$2M each year thereafter. To put these costs in perspective, the current annual energy budget for MU is approximately \$13M.

The impact of a cap and trade proposal on the UM System could be minimized by including any of the following three items in the legislation:

- An exemption for public higher education
- A CHP exemption for facilities up to 100 MW
- Allocating initial green house gas allowances at no cost based on historical rates rather than auctioning the allowances at an undetermined cost

MISSOURI

November 17, 2009

Page 2

As a leader in this area for 20 years, MU already has reduced energy consumption by more than 10 percent per square foot and green house gas emissions by more than 12 percent per square foot. The University of Missouri System will continue to research and develop solutions to the energy crisis.

Thank you for your service to the University of Missouri System. We remain committed to working with you to address our concerns and to mitigate the unintended consequences of the legislation.

Sincerely,



Gary D. Forsee  
President

GDF:js