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August 14, 2009

Harry Alford  
President & CEO  
National Black Chamber of Commerce  
1350 Connecticut Ave., N.W., Suite 405  
Washington, D.C. 20036

Dear Mr. Alford:

I have enclosed a revised version of the CRA report "Impact on the Economy of Clean Energy and Security Act of 2009." This updated report contains revised economic impacts based on improvements we made to our macroeconomic model but is otherwise unchanged from the report that you released in May. This new model, the updated model, will provide a consistent starting point for evaluation of Senate HR2454, which we will also be analyzing.

Our revised estimates show that employment losses will be even larger after 2030 in the original analysis, and that increases in energy prices and impacts on the standard of living of the average household will be greater in almost every year. Although employment losses are smaller in the earlier years, they grow more strongly over time due to the drag on the economy created by rising energy costs and they become larger after 2030.

The improvements we made with this model update of MRN-NEEM were developed from the results of analyzing state-level impacts, which led us to adopt an improved method of estimating regional-level electricity price impacts. We also tested and decided to adopt a more detailed industry breakdown, by splitting what we called an Energy Intensive Sector (EIS) into Construction and a re-defined EIS made up of chemicals, iron and steel, pulp and paper, and some other, smaller, energy intensive industries. The old aggregation masked the effects on the smaller, but much more energy intensive, group of industries now in the EIS.

All four of the scenarios contained in the original report have been re-estimated using the same logic, holding all scenario specifications and assumptions the same. Minor changes were made to keep up with the passage of time, for example the House of Representatives passed HR2454.

