

The Clean Energy Group
Clean Air Policy Initiative

January 30, 2009

The Honorable Rahm Emanuel
Chief of Staff
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Congressman Emanuel:

As members of the Clean Energy Group, we believe now is the time to take bold action to transform our nation's energy infrastructure to support the 21st century economy and to take meaningful action to combat climate change. Doing this will require investment in, and support of, low carbon and energy efficient technologies, a modern electricity grid, and clear policy direction at the federal level that provides the long-term certainty to allow businesses to make the right investment decisions. Taking action to transform the way energy is produced, delivered and consumed will provide opportunities for American business and our industry to provide the energy solutions that will be required to meet future demand, while achieving aggressive reductions in greenhouse gas (GHG) emissions. Accomplishing this objective will require a sustained and coordinated effort both now and in the long-term.

As you know, the electric power sector will play a central role in addressing both the threat of climate change and establishing the foundation for a new low carbon energy economy. We believe a suite of policy measures can facilitate the transition to a low-carbon energy system, including: (1) immediate measures to stimulate investment in clean-energy technologies, including energy efficiency, renewable energy, clean and efficient generating resources, carbon

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capture and sequestration, and a modern electricity grid and advanced metering technology; (2) a well designed, national greenhouse gas cap-and-trade system; and (3) a federal renewable portfolio standard (as discussed below).¹ These measures will speed the deployment of clean energy technologies while simultaneously promoting economic growth.

Today, we stand at a turning point where the Federal Government has a unique opportunity to stimulate the green economy as it develops and implements the current economic recovery and investment package. We believe the federal investment package must include measures to stimulate investment in clean-energy technologies, including energy efficiency, clean and efficient generating resources (including baseload, intermediate, and peaking), carbon capture and sequestration, and infrastructure projects that will modernize our electricity grid. As electric power companies, we are uniquely positioned to create new job opportunities and help customers manage their energy costs by expanding on existing energy efficiency programs with the support of federal funding.

We commend the President and Vice President in their efforts to promote and implement a market-based cap-and-trade system to reduce our GHG footprint. Since 2001, the Clean Energy Group has supported such an approach and we are encouraging the Administration and Congress to enact a national cap-and-trade law as quickly as practicable. In implementing a cap-and-trade program, measures must be taken to address the impacts on low and middle income families resulting from higher energy prices. The aim of the program should be to slow, stop and reverse the growth of U.S. GHG emissions with meaningful short-term reduction goals and a long-term emissions cap that will avoid the worst effects of climate change. We believe the enactment of a national cap-and-trade program will serve to amplify the stimulative effects of the recovery package and provide the long-term certainty needed by our industry to invest in the necessary transformative technologies.

¹ One member company, Entergy, supports a federal cap-and-trade program and stimulus initiatives, but does not support a federal renewable portfolio standard (RPS). Entergy's views on RPS are being communicated in a separate letter to you, which is included in the hard copy delivery of this letter.

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Additionally, the President and Vice President have taken a leadership position by calling for a national renewable portfolio standard (RPS), which requires that a minimum percentage of our nation's electricity come from renewable energy sources. A federal RPS can further encourage the growth of new renewable technologies and the continued operation of existing renewable energy facilities. Many of the undersigned companies are national leaders in the development of renewable energy resources and energy efficiency programs. Furthermore, we operate in many of the most environmentally progressive states in the union. Consequently, we believe that federal policy should recognize and encourage these past and ongoing efforts by providing equal credit for both new and existing renewable energy and energy efficiency investments. It is important, both for the RPS and national climate change program, not to penalize electric power companies and their customers for acting in advance of a federal mandate. In order to support expanded renewable energy use it will be necessary to encourage the development of energy storage technologies and to expand the transmission infrastructure to accommodate both new renewable resources and baseload and intermediate generation in order to ensure continued electric system reliability.

We appreciate the vision of the Obama-Biden Administration and look forward to working with you as we embark on one of the most pressing challenges of our time.

Sincerely,



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cc

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Lisa Jackson, EPA Administrator

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Nancy Sutley, Chair of the White House Council on Environmental Quality