



## WESTERN GOVERNORS' ASSOCIATION

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January 29, 2007

The Honorable Nancy Pelosi  
Speaker of the House  
2371 RHOB  
Washington, DC 20515

The Honorable Harry Reid  
Senate Majority Leader  
SH-528 HSOB  
Washington, DC 20510

Dear Speaker Pelosi and Majority Leader Reid:

On behalf of the 22 members of the Western Governors' Association (WGA), we congratulate you on being elected as leaders of your respective chambers. As you know, WGA is a bipartisan organization that represents the governors of 19 Western states and three U.S.-Flag Pacific islands. We look forward to working with you on issues of importance to our region in the 110<sup>th</sup> Congress.

As you craft a legislative agenda for the 110<sup>th</sup> Congress, we would like to bring an issue to your attention which we believe is of the utmost importance for the West and, indeed, for the nation — a clean, diversified and reliable electricity supply.

Nearly three years ago, we asked a distinguished and diverse group of more than 250 high-level stakeholders from throughout our region to craft a series of policy recommendations for us that could be implemented at state, regional and federal levels. Our goal for the Western U.S. was to find ways to: develop an additional 30,000 megawatts of clean energy by 2015; achieve a 20 percent increase in energy efficiency by 2020; and ensure a reliable and secure transmission grid for the next 25 years. I think you will agree that by meeting these goals, we will significantly improve our energy situation and our environment. The report we adopted last June laid out a roadmap for achieving those goals. We have enclosed a copy of the report for your reference. You may also access the report at <http://www.westgov.org/wga/publicat/CDEAC06.pdf>

We need coordinated action at all levels of government in order to succeed. As governors, we have been implementing many of the recommendations in our own states. We are also cooperating at a regional level. However, we still need a significant commitment from the federal government to achieve these goals. We have listed below a core series of federal authorizations or reauthorizations which our stakeholders identified as necessary to the success of this effort:

- Extend to 10 years the existing production tax credit for renewable energy technologies;
- Extend to 10 years the 30 percent investment tax credit for solar technologies;
- Increase the cap on the solar residential investment tax credit to \$10,000;
- Extend to 10 years the tax credit for innovative energy efficiency technologies;

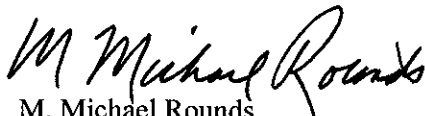
- Extend to five years the IGCC tax credit;
- Create a 5 to 10 year tax credit for carbon capture and sequestration;
- Extend and raise the cap on clean energy bonding authority for public power and for tribes;
- Authorize the construction of additional pilot facilities that demonstrate the commercial feasibility of IGCC technologies using sub bituminous coal at high altitudes.


Our stakeholders identified a number of federal regulatory issues (e.g., updating the national appliance efficiency standards) and appropriations-related issues (e.g., increased RD&D funding) that will need to be addressed eventually. We would like to work with you and the administration to prioritize those recommendations.


We strongly believe that a diverse, reliable energy supply for this nation is among the highest of priorities. We urge you to act quickly and decisively to incorporate these recommendations into your legislative agenda for the 110<sup>th</sup> Congress. We stand ready to lend whatever support you may need to get these provisions signed into law.


We would like to meet with you personally to discuss our mutual interest in promoting a clean and diversified energy system for the West. We will be attending the National Governors Association's Winter Meeting in Washington, D.C., on February 24-27. We would like to meet with you then if possible. Please call Kevin Moran in the WGA D.C. office at 202-624-5402 if you would be available to meet with us. Thank you for your consideration of this request.


Sincerely,

  
M. Michael Rounds  
Governor of South Dakota  
Chairman

  
Dave Freudenthal  
Governor of Wyoming  
Vice Chairman

  
Arnold Schwarzenegger  
Governor of California  
Co-Lead Governor for Energy

  
Bill Richardson  
Governor of New Mexico  
Co-Lead Governor for Energy

  
Jon Huntsman  
Governor of Utah  
Co-Lead Governor for Energy

cc: The Honorable Charles Rangel, Chairman of the House Ways and Means Committee  
The Honorable John Dingell, Chairman of the House Energy & Commerce Committee  
The Honorable Max Baucus, Chairman of the Senate Finance Committee  
The Honorable Jeff Bingaman, Chairman of the Senate Energy & Natural Resources Committee

Enclosure