



WESTERN  
GOVERNORS'  
ASSOCIATION

Bill Owens  
Governor of Colorado  
Chairman

Janet Napolitano  
Governor of Arizona  
Vice Chair

Pam O. Inmann  
Executive Director

Headquarters:  
1515 Cleveland Place  
Suite 200  
Denver, Colorado 80202-5114

303-623-9378  
Fax 303-534-7309

Washington, D.C. Office:  
400 N. Capitol Street, N.W.  
Suite 388  
Washington, D.C. 20001

202-624-5402  
Fax 202-624-7707  
[www.westgov.org](http://www.westgov.org)

May 26, 2005

The Honorable Charles E. Grassley  
Chairman  
Senate Committee on Finance  
SD-219 DSOB  
Washington, DC 20510

The Honorable Max Baucus  
Ranking Minority Member  
Senate Committee on Finance  
SD-219 DSOB  
Washington, DC 20510

Dear Senators Grassley and Baucus:

On behalf of all of the Western Governors we ask you to consider the following issues that we see as critical to the West:

**Long-Term Extension of the Production Tax Credit**

We strongly support a long-term extension of the Production Tax Credit for wind, solar, geothermal, and biomass technologies. These generating sources are relatively untapped but hugely promising, particularly in our region. As you may know, the Western Governors' Association is currently working on a Clean and Diversified Energy Initiative to identify policy options that will lead to the development by 2015 of 30,000 MW of clean energy in the West. We are committed to this goal and fully believe that it can be accomplished through a combination of existing and new state and federal policies and initiatives such as the PTC.

Extending the PTC for a longer term is particularly important to the West as we are currently working with the industry to plan for the appropriate siting of these facilities, as well as for needed transmission upgrades in the Western grid to accommodate these resources. A longer term extension of the credit would encourage the steady and rational investment in these facilities that is needed to maximize our use of the resource.

**Clean Coal**

Given the vast reserves of coal across many of the Western states the region is well-suited to the development of new clean energy technologies. A major thrust of our Clean and Diversified Energy Initiative is to enhance the innovative use of Western coal in ways that minimize emissions while boosting domestic energy security. We, therefore, strongly support tax credits and other mechanisms that will facilitate investments in clean coal facilities as well as production credits. We urge you to include these tax credits and other mechanisms in the bill.

The Honorable Charles E. Grassley  
The Honorable Max Baucus  
May 26, 2005  
Page 2

### **Energy Efficiency**

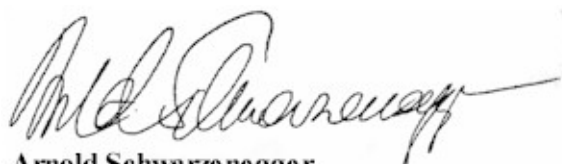
We also strongly support incentives for conservation and energy efficiency. The Western Governors' Association is looking at ways to increase the efficiency of energy use by 20 percent in the West by 2020. We view this effort as essential to our goal of providing reliable, low cost energy for the West. Tax credits for energy efficient construction of new homes, as well as for the production of energy efficient appliances are particularly important to our fast growing region. In addition, we support a credit for the purchase of qualified fuel cell power plants for businesses.

### **Alternative Vehicles**

Hybrid and alternative fueled vehicles have begun to show promise in increasing the fuel efficiency of the Nation's automobile fleet, and therefore in reducing our dependence on foreign sources of oil. However, these vehicles have not yet achieved a significant market share. We, therefore, support an extension of the credit for the purchase of new qualified fuel cell, hybrid, or other alternative fuel motor vehicles.

Thank you for your attention to this request as well as for your leadership in solving our Nation's energy problems.

Sincerely,



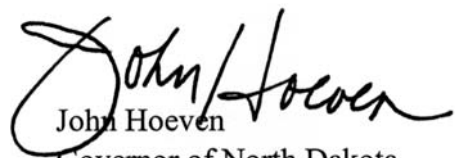
**Arnold Schwarzenegger**  
Governor of California

Co-Lead Governor for Energy



**Bill Richardson**  
Governor of New Mexico

Co-Lead Governor for Energy



**John Hoeven**  
Governor of North Dakota

Co-Lead Governor for Energy



**Dave Freudenthal**  
Governor of Wyoming

Co-Lead Governor for Energy

cc: all members of the Senate Finance Committee  
Western States Senate Coalition  
House Western Caucus