

Congress of the United States

Washington, DC 20515

November 10, 2008

The Honorable Nancy Pelosi
Speaker of the House of Representatives
H-232, United States Capitol
Washington, DC 20515

The Honorable Steny Hoyer
Majority Leader, House of Representatives
H-107, United States Capitol
Washington, DC 20515

Dear Madame Speaker and Democratic Leader Hoyer:

We support your continued efforts to ensure stability and growth in the American economy through the enactment of an economic stimulus package. Attached, in follow-up to our October 29, 2008 letter, you will find a proposal to dedicate a substantial portion of funding for clean energy, efficiency, mass transportation and alternative energy technologies that are needed to immediately stimulate our economy in any upcoming large economic stimulus package. We are cognizant of the importance of extending jobless benefits, increasing food stamps and investing in infrastructure projects to create jobs in the near term; however, this group firmly believes that additional investments also are needed to create a new clean energy job base to build a new clean energy economy.

Our proposal includes a number of clean energy provisions totaling approximately \$40 billion that will provide an immediate stimulus to the economy, not least of which is putting thousands of people to work providing energy efficiency retrofits for homes and businesses. These programs will also provide financial relief to families facing high energy costs and increase our nation's investment in a clean energy economy.

Over the last few weeks, we have discussed these provisions with energy market analysts and economists. Studies have shown that a clean energy economy can create new jobs and research has suggested that targeted investments in clean energy programs can help to solve our current financial woes. According to a University of California at Berkeley study released in October, since the 1970s, California's energy-efficiency programs have created 1.5 million jobs, increased payrolls by \$45 billion and yielded \$56 billion in energy savings that went toward other consumer spending.

We hope that you consider our proposal as you draft any significant economic stimulus package and we request a meeting with you to discuss these points further. It is time to add the fuel of hope to the economic engine of technological innovation and high-paying jobs for Americans. We look forward to further discussions with you regarding our proposal to put Americans on the path towards the economic development needed today and green jobs that will keep our economy competitive and strong for decades to come.

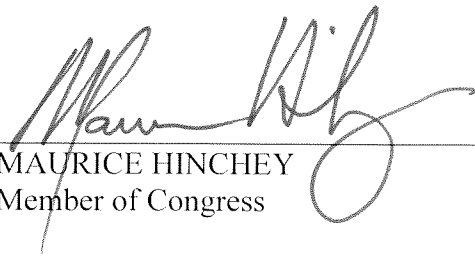
Sincerely,



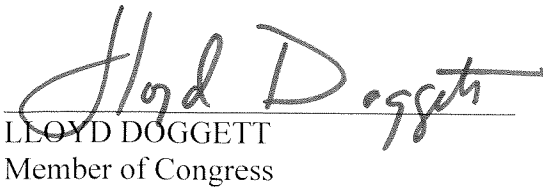
JAY INSLEE
Member of Congress



STEVE ISRAEL
Member of Congress



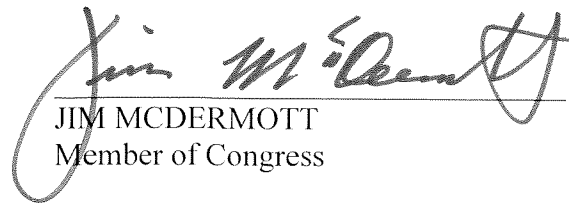
MAURICE HINCHEY
Member of Congress




LLOYD DOGGETT
Member of Congress



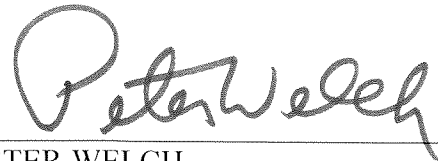
JOHN HALL
Member of Congress



JIM MCDERMOTT
Member of Congress



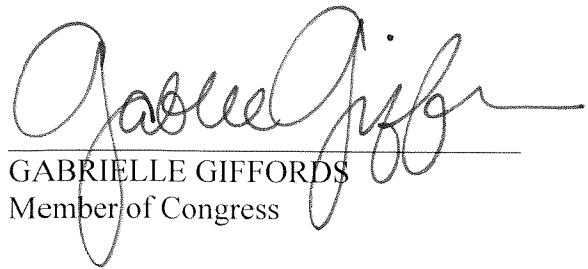
BARBARA LEE
Member of Congress



PETER WELCH
Member of Congress



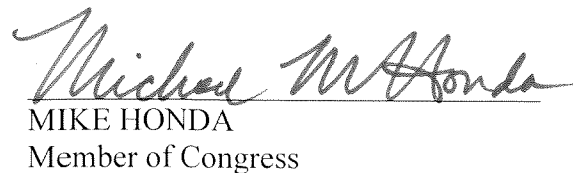
RUSH HOLT
Member of Congress



GABRIELLE GIFFORDS
Member of Congress



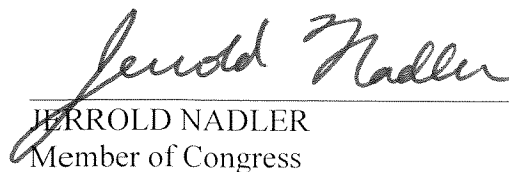
NIKI TSONGAS
Member of Congress



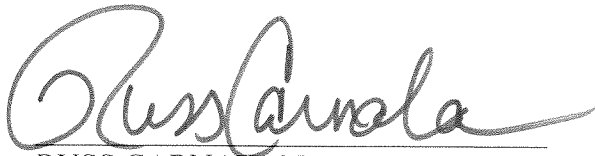
MIKE HONDA
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JAMES LANGEVIN
Member of Congress



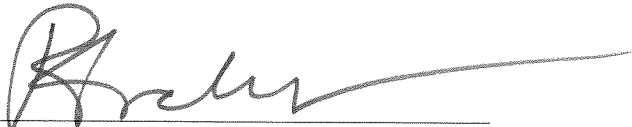
JERROLD NADLER
Member of Congress



RUSS CARNAHAN
Member of Congress



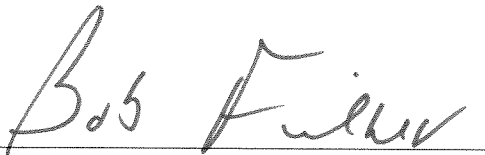
BETTY SUTTON
Member of Congress



PAUL HODES
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TIM RYAN
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BOB FILNER
Member of Congress



PETE FORTNEY STARK
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EARL BLUMENAUER
Member of Congress



HANK JOHNSON
Member of Congress



DONNA EDWARDS
Member of Congress



STEVE COHEN
Member of Congress



JOHN OLVER

(enclosure)

CC: David Obey, Chairman, U.S. House Appropriations Committee

To: The Honorable Nancy Pelosi, The Honorable Steny Hoyer
Cc: The Honorable David Obey
From: Representatives Inslee, Israel, et al.
Date: November 10, 2008
RE: Economic stimulus funding for a clean energy economy and green jobs

Summary of Suggested Top Priorities

Total of summarized projects: ~\$41 billion in new funding, *Currently unauthorized

Energy Conservation

- **Retrofit between 325,000-430,000 American homes to greatly reduce energy leakage and improve energy efficiency (\$6.5 billion):** provide increased funds for Weatherization Assistance Program and new funding for Energy Efficiency and Conservation Block grants
- **Retrofit approximately 300,000 multifamily homes (\$1 billion):** through HOME Investment Partnerships Program for Energy Efficiency in multifamily homes
- **Commercial Buildings (\$50 million):** Net Zero Energy Commercial Building Initiative
- **Green Retrofits for Schools (\$3 billion):** for high performance public schools
- **Energy Efficiency for Industry (\$200 million):** Waste Energy Recovery Incentive Grant Program
- **Qualified Residential Energy Efficiency Assistance Bonds (\$2.4 billion):** Provide \$2.4 billion in tax credit bonds to enable home owners to finance home projects that significantly improve energy efficiency

Renewable Energy Production and Grid Modernization

- **Clean Renewable Energy Bonds for Consumer-Owned Utilities (\$5 billion):** Increase funding for Clean Renewable Energy Bonds (CREBs)
- **Renewable Energy Production Incentives for Consumer-Owned Utilities (\$120 million):** Increase funds for the Renewable Energy Production Incentive (REPI)
- **Rural Farms (\$100 million):** Fund the USDA Renewable Energy for America Program (formerly known as the Renewable Energy Systems and Energy Efficiency Improvements Program)
- **Transmission Infrastructure (\$3 billion in increased borrowing authority):** Increase Bonneville Power Administration's current borrowing authority from \$4.45 billion to \$7.45 billion for the primary purpose of integrating renewable resources in the power supply
- **Transmission Infrastructure (increase third-party financing to \$2 billion):** Increase the maximum allowable amount of third-party financing to be used or accepted by Western Area Power

Administration (WAPA) or the Southwestern Power Administration (SWPA) for electric transmission projects with a primary purpose of transmitting renewable energy resources

- **Smart Grid (\$1.6 billion):** Fund an Electric Delivery and Energy Reliability program (\$100 million), plus the Smart Grid Investment Matching Grant Program (\$1.3 billion) and smart grid demonstration projects (\$ 200 million), as authorized by EISA of 2007
- ***Capital for existing clean energy projects threatened by economic downturn (\$1.4 billion):** Amend the Financial Rescue Package to require that 2 percent of funds provide capital for existing clean energy projects
- ***Tribes:** Authorize H.R. 1954 would amend the Internal Revenue Code of 1986 to allow Indian Tribal governments to transfer the credit for electricity produced from renewable resources to an individual with an ownership interest in a joint venture with the tribe
- **Investment and Production Tax Credits:** Because of the financial crisis and the economic downturn, many of the main investors in renewable energy production project have insufficient tax liability for the incentives found in the Internal Revenue Code (IRC) to work as intended. Immediate and temporary changes to the IRS should be considered so that investment in renewable energy production does not diminish.

Transportation

- **Expand public transit (\$9.1 billion):** Provide \$4,500,000,000 for New Starts Transit Funding, \$3,600,000,000 for the Transit Capital Assistance Grants Program, and 1,000,000,000 for Transit Energy Assistance formula grants
- **Advanced batteries (\$1 billion):** Provide for \$3.3 billion in advanced battery loan guarantees, authorized by EISA 2007
- **Biofuel Infrastructure (\$200 million):** Fund Renewable Fuel Infrastructure Grants for Retail and Wholesale Dealers
- ***Authorize “Cash for Clunkers” (\$5 billion):** give consumers vouchers for retiring and recycling running, old and inefficient cars and allow consumers to use the voucher for transit costs, or a more efficient car

Green Jobs

- **Water recycling infrastructure (\$130 million):** Fund existing water recycling projects
- **Green Jobs (\$250 million):** for the Green Jobs Workforce Investment Fund, authorized EISA, 2007
- ***Manufacturing (\$200 million):** Increase funds for Manufacturing Extension Partnership, which provides companies with services and access to public and private resources that enhance growth, improve productivity, and expand capacity

- ***Training for a Clean Energy Corps (\$10 million):** Direct funds through existing nonprofit organizations, to train youth to retrofit buildings and complete other energy-related projects over a two-year service term
- ***Green Jobs (\$185 million):** Authorize MEGA (H.R. 6815), to establish grant programs to encourage green job training and creation, as well as energy-efficient economic development.

Other

- **Federal Government (\$145 million):** Substantially increase funding for U.S. Department of Energy's Energy Information Administration, to update data collection systems and expand EIA's analysis capacity
- **ARPA-E (\$15 million):** for energy RD&D
- **RD&D (\$500 million):** for U.S. DOE Energy Efficiency and Renewable Energy (EERE) to carry out research, development and deployment of energy efficiency and renewable energy technologies.

Background on Suggested Priorities

Energy Conservation

Retrofit approximately 325,000 American homes to greatly reduce energy leakage and improve energy efficiency (\$6.5 billion): Provide \$6 billion for the Energy Efficiency and Conservation Block grants. Funding for the Energy Efficiency and Conservation Block grants (EISA, §541-548, currently unfunded but authorized at \$2,000,000,000 each year through 2012).

Provide \$500 million, for the Weatherization Assistance Program (Energy Conservation and Production Act, Sec. 422, 42 U.S.C. 6872, FY2009 funded at \$477 million) to enable low-income families to permanently reduce their energy bills by making their homes more energy efficient. (Senate-failed stimulus included \$500,000,000). These funds reach low-income households through 970 community agencies that engage contractors for services to reduce energy waste. For every \$1 invested, the program returns \$3.71 in benefits and specifically supports job growth and economic development.

Retrofit approximately 300,000 multifamily homes (\$1 billion): through HOME Investment Partnerships Program for Energy Efficiency (42 U.S.C. 12701 et. seq.). HOME is a block grant administered by states and cities mainly for the rehabilitation and construction of rental and owner-occupied homes for low-income families. HOME would utilize a proven, effective delivery system – state and local housing agencies, and developers and owners of affordable housing. This is a complement to funding for Weatherization, as the Weatherization program generally serves single family homes, not multi-unit rentals, where most low-income people live. A \$1 billion investment in HOME could cut energy use by 20 – 30 percent in 300,000 low-income homes and apartments (comparable cost effectiveness and energy savings benefit to weatherization, and often more holistic), avoid up to 600,000 tons of carbon emissions on an annual basis and create thousands of good paying green and conventional jobs.

Commercial buildings (provide \$50 million, currently unfunded): Provide \$50,000,000 for the Net Zero Energy Commercial Building Initiative, (EISA §422, authorized at \$50,000,000 for FY2009).

Green Schools (\$3 billion, currently unfunded): for high performance schools. (House-passed stimulus included \$ 3,000,000,000).

Industry (provide \$200 million, currently unfunded): Fund the Waste Energy Recovery Incentive Grant Program Grant Program (EISA, Title IV, Sec. 373) to promote industrial energy efficiency by supporting waste heat recovery through Combined Heat and Power (CHP) systems.

Qualified Residential Energy Efficiency Assistance Bonds (~\$500 million): Provide \$2.4 billion in tax credit bonds to enable home owners to finance home projects that significantly improve energy efficiency. This provision was adopted by the House several times (section 212 of H.R. 2776) but was ultimately left behind when the Senate attached the energy/extenders provisions to H.R. 1424 (the bailout measure).

Renewable Energy Production and Grid Modernization

CREBS for consumer owned utilities (provide \$5 billion, FY09 funded at \$800 million): Increase to \$5,000,000,000 funding for the Clean Renewable Energy Bond program, which gives Native American tribes, states, public power, rural electric coops, and municipal utilities the ability to issue tax credit bonds to fund renewable energy projects. Ensure that Davis-Bacon should apply to any increase in allocation. (Emergency Economic Stabilization Act of 2008 provided \$800 million authorization, but more funding is needed).

REPI (provide \$120 million, FY09 funded at \$5 million): Increase funding for Renewable Energy Production Incentive program (REPI) (42 USC § 13317), for consumer-owned utilities to lower costs for renewable generation.

Rural Farms (provide \$100 million, currently unfunded): Renewable Energy for America Program (formerly known as the Energy Efficiency and Renewable Energy for Farmers) (Farm Bill, Section 9007, authorized at \$100,000,000 for FY2009-FY2012). The funds will provide grants of up to 25 percent of the cost of renewable energy systems and energy efficiency improvements for agricultural producers and rural small businesses, as well as guarantees for loans as large as \$25 million. Grant funds can also be used to fund feasibility studies through a utility, higher education institution, or other qualified organization.

Transmission Infrastructure (\$3 billion in increased borrowing authority, currently at \$4.45 billion): Increase Bonneville Power Administration's current borrowing authority from \$4.45 billion to \$7.5 billion over ten years under the Federal Columbia River Transmission System Act (16 U.S.C. 838 et seq.) to construct necessary transmission lines within the Pacific Northwest to connect new renewable electric generation projects, including the integration of up to 6,000 megawatts of wind in the region's power grid, to acquire energy efficiency and pursuing technology improvement investments for the benefit of consumers and maintain and enhance the hydroelectric system of the Pacific Northwest.

Transmission Infrastructure (\$2 billion in increased third-party financing, currently at \$100 million over 9 years): Increase to \$2 billion the maximum allowable amount of third-party financing to be used or accepted for electric transmission construction projects carried out by the Western Area Power Administration (WAPA) or the Southwestern Power Administration (SWPA). Section 1222 of EPAAct05 authorized the Secretary of Energy, acting through WAPA and/or SWPA, to accept or to use third-party financing for the planning, upgrading, construction, operation or development of electric transmission projects. By increasing the maximum allowable financing level, WAPA and SWPA would be able to use this legal authority to build or help facilitate the construction of much needed transmission, at little or no cost to taxpayers. The authorizing language would also be clarified to ensure that new transmission and network upgrades are used to accommodate new generation from renewable energy sources.

Smart Grid (\$1.6 billion, currently unfunded): Provide \$100,000,000 “Electricity Delivery and Energy Reliability” to modernize the electric grid, enhance security and reliability of energy infrastructure, and facilitate recovery from disruptions to the energy supply. (The House-passed stimulus included \$100,000,000).

Provide \$1,300,000,000 to establish the Smart Grid Investment Matching Grant Program for qualifying smart grid infrastructure projects authorized in Section 1304 of the Energy Independence and Security Act of 2007, Public Law 110–140; 42 U.S.C. 17012. CRS notes that this would take time to administer.

Provide \$200,000,000 for Department of Energy to carry out at least five smart grid demonstration projects, authorized in Section 1306 of the Energy Independence and Security Act of 2007 (This is authorized for FY09 at \$105,000,000, but we should increase amounts and number of projects). CRS notes that this would take time to administer.

****Capital for existing clean energy projects threatened by economic downturn (\$1.4 billion from \$700 billion financial rescue package):*** Amend the Financial Rescue Package to require that two percent of funds provide capital for existing clean energy projects. Require that any assistance is spent within one year.

***Tribes:** Authorize H.R. 1954, to amend the Internal Revenue Code of 1986 to allow Indian Tribal governments to transfer the credit for electricity produced from renewable resources to an individual with an ownership interest in a joint venture with the tribe. Tribal lands in the U.S. have vast potential in renewable energy production. Wind generation potential on tribal lands could produce an estimated 14 percent of total U.S. energy production, while the solar electricity potential is estimated at 4.5 times the annual total electricity needs of the U.S. Tribal lands also contain significant geothermal resources. Unfortunately, under current law, if a tribal government wishes to enter into a joint venture with outside partners for a renewable energy project taking place on its lands, the tribe cannot take advantage of the production tax credit for renewable resources as a private landowner could because it has no tax liability to offset, nor can it transfer its portion of the credit to its taxable partners.

****Investment and Production Tax Credit:*** Because of the financial crisis and the economic downturn, many of the main investors in renewable energy production project have insufficient tax liability for the incentives found in the Internal Revenue Code (IRC) to work as intended. Immediate and temporary changes to the IRS should be considered so that investment in renewable energy production does not diminish. We recommend working with the Ways and Means staff to consider various proposals to ensure

that companies can obtain the benefits of the ITC and PTC in the short term as Congress intended— one possible option that has been mentioned is to make the credits refundable.

Transportation

Expand public transit (\$9.1 billion): Provide \$4,500,000,000 for New Starts and Small Starts of the Safe, Accountable, Flexible, Efficient Transportation Equity Act -- A Legacy for Users (SAFETEA-LU, 49 USC §5309, FY08 funded at \$1.8 billion), which would expand bus and subway services, lower public transportation fares, expand federal support for state and municipal transit operation and maintenance budgets to deal with increased ridership, and increased federal subsidies for employer-based mass transit incentives. Critical mass transit programs are currently bottlenecked for lack of federal dollars to encourage new ridership and more transportation choices.

Provide \$3,600,000,000 for the Urbanized Area Formula Grants and Other Than Urbanized Areas program (49 USC §5307 and §5311) for formulas that will provide money for new fixed guideway systems and extensions to existing fixed guideway systems, fixed guideway modernization, and bus and bus related facilities. (House-passed stimulus included \$ \$3,600,000,000).

Provide \$1,000,000,000 for Transit Energy Assistance formula grants to expand service or reduce fares, to avoid fare increases or service cuts that would otherwise result from increased costs for fuel, or to meet additional transportation-related equipment or facility maintenance expenses caused by increased ridership. (The House-passed stimulus included \$1,000,000,000). These are defined in the Saving Energy Through Public Transportation Act H.R. 6052/S.3380, to reduce fares and expand transit service, which passed the House.

Advanced batteries (\$1 billion, currently unfunded): Funding of at least \$1 billion for a \$3.3 billion advanced battery loan guarantee program (EISA, Sec. 135, 42 U.S.C. 17012) for the construction of facilities for the manufacture of advanced vehicle batteries and battery systems that are developed and produced in the United States, including advanced lithium ion batteries and hybrid electrical system and component manufacturers and software designers. (House-passed stimulus included \$1,000,000,000).

Biofuel Infrastructure (provide \$200 million, currently unfunded): Fund pilot grant programs (EISA §244), to invest in renewable fuel distribution corridors.

***Authorize “Cash for Clunkers” (provide \$5 billion, currently authorized):** give consumers vouchers for retiring and recycling running, old and inefficient cars. The voucher could only be used by consumers for transit costs, or a more efficient car.

Green Jobs

Water recycling infrastructure (provide \$130 million, FY08 at \$23.6 million): Fund the Bureau of Reclamation's Title XVI program, which funds construction of water recycling facilities and creates construction jobs that help communities avoid the need for new dams or diversions. Construction could

begin almost immediately on 19 projects that are already authorized -equivalent to a cost of ~\$300,000,000 million (The House stimulus bill included \$130,000,000).

Green Jobs (provide \$250,000,000, currently unfunded): For the Green Jobs Workforce Investment Fund (EISA, Title X, 42 U.S.C. 17012) to fund national training partnerships, focusing on workers such as displaced energy workers, unemployed Americans and veterans for the Green Jobs Workforce Investment Fund (EISA, 2007).

***Manufacturing (provide \$200 million, FY09 at \$89,640,000):** Increase funds for Manufacturing Extension Partnership, which provides companies with services and access to public and private resources that enhance growth, improve productivity, and expand capacity. This program can also help small businesses increase energy efficiency to reduce overhead costs.

Green Jobs (provide \$185 million, currently unauthorized): MEGA will provide targeted federal funding to support communities that have demonstrated a capacity and commitment to pursue low-carbon economic development and energy efficient job creation. MEGA will help meet emerging energy challenges and create opportunities through the revitalization of metropolitan economies by employing historically hard-to-serve and economically marginalized populations.

Training (provide \$10 million, currently unauthorized): Establish a Clean Energy Corps, which could both train and employ between 400-500 youth in the green between the ages of 16-25 in the green jobs sector within a month, if funded through existing organizations like The Corps Network or the Student Conservation Association. The House passed such an amendment to the GIVE Act.

Other

EIA (provide \$145 million, FY08 at \$95.5 million): Substantially increase funding for U.S. Department of Energy's Energy Information Administration, to update data collection systems and expand EIA's analysis capacity.

ARPA-E (at least \$15 million, currently unfunded): Provide at least \$15 million, as included in the House Energy and Water Appropriations bill.

Energy RD&D (provide \$500,000,000 in additional funds, currently at \$3 billion): For "Energy Efficiency and Renewable Energy," to fund research and development and demonstration activities to accelerate the development of technologies that will diversify the nation's energy portfolio and contribute to a reliable, domestic energy supply. (House stimulus included \$500,000,000).