



Massachusetts



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New Jersey



New York



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Virginia

May 4, 2009

The Honorable Harry Reid
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Senator Reid, Senator McConnell, Speaker Pelosi, Representative Boehner,

As Governors from Northeast and Mid-Atlantic states, we applaud your support for renewable energy and its role in enhancing clean energy job creation, increasing our energy security and curbing greenhouse gas emissions.

We write to encourage you to support strong new federal policies to promote wind resources. In addition to recognizing the potential for wind resources in the Midwest, we believe that the wind resources of the Eastern seaboard states – both onshore and offshore wind – represent one of our nation’s most promising yet underdeveloped source of renewable energy. At the same time, we must express our concern about the significant risks posed by recent proposals regarding transmission that we believe could jeopardize our states’ efforts to develop wind resources and inject federal jurisdiction into an area traditionally handled by states and regions.

Significant onshore or offshore wind projects have been proposed or planned for almost all of the Northeast and Mid-Atlantic states. Several of our states already have significant land-based wind projects installed or well underway and have established aggressive wind development goals. Moreover, the waters adjacent to the East Coast hold potential for developing some of the most robust wind energy resources in the world – enough wind potential to meet total U.S. electricity demand, as Interior Secretary Ken Salazar has recently pointed out. Congress should put its full support behind the development of these resources.

Current legislative proposals focused on transmission, in contrast, would designate national corridors for transmission of electricity from the Midwest to the East Coast, with the costs for that transmission allocated to all customers. While we support the development of wind resources for the United States wherever they exist, this ratepayer-funded revenue guarantee for land-based wind and other generation resources in the Great Plains would have significant, negative consequences for our region: it would hinder our efforts to meet regional renewable energy goals with regional resources and would establish financial conditions in our electricity markets that would impede development of the vast wind resources onshore and just off our shores for decades to come. In addition, the legislative proposals for selective federal subsidy for certain land-based wind resources paired with the practice of dispatching the lowest cost available generation resource could result in surplus transmission capacity or artificially inflated energy prices for Midwest renewables being paid by east coast ratepayers. Such an outcome would have negative consequences for consumers, regional energy sufficiency and the environment. Moreover, it is well accepted that local generation is more responsive and effective in solving reliability issues than long distance energy inputs.

Land-based wind energy projects, which have already proven themselves economical in the Northeast, must have the chance to move forward. And while offshore wind installation costs currently exceed those of onshore installations, these resources are much closer to our load centers and research and development efforts focused on reducing costs and improving reliability promise to make offshore wind competitive with Midwest wind farms on a delivered cost of power basis. As regional onshore projects move forward and offshore wind moves into commercialization in the United States, they all must have the opportunity to compete on an even playing field with on-shore, yet remote, sources of power from the Midwest and not be disadvantaged by upfront transmission subsidies.

If transmission is to be addressed in energy legislation at all, we believe Congress should focus its attention on regional solutions. In our regions, this means continuing to pursue planned wind and other renewable resources within our competitive energy markets framework. For offshore wind, this means a new offshore wind transmission backbone to facilitate the interconnection of offshore renewable energy resources to major load centers along the East Coast. Development of this offshore network will require the attention of the Department of Energy, the Minerals Management Service (MMS) and the Federal Energy Regulatory Commission (FERC), as part of an Outer Continental Shelf energy resource development plan.

In our view, legislation to promote renewable energy resources on a fair, equitable, and efficient basis should, at a minimum:

- Create strong federal energy efficiency and renewable energy incentives that are simple, transparent and technology neutral – and capitalize on more than a decade of successful direct experience by many states in developing strong efficiency and renewable energy markets;
- Consider new market mechanisms such as regional procurements for renewable energy in the form of long-term power purchase agreements – again, allowing all renewable generation interests to compete on the basis of total cost of power delivered to load centers;

- Encourage that state and regional planners along the Atlantic coast develop a plan within and across regions to accommodate growing availability of onshore wind resources and to establish an offshore wind transmission regime, including new FERC policies tailored to the special circumstances of offshore wind and expedited siting review for offshore lines in federal waters and their interconnection to coastal load centers with appropriate state involvement.
- Encourage FERC and NERC to support and facilitate robust planning within regional transmission organizations that provides and promotes local renewable resources integration and preserves local oversight and review.
- Evaluate whether expanding the federal Investment Tax Credit would be a more effective, simpler, and technology neutral mechanism for promoting renewable energy development across the country than a focus on transmission, which tends to support remote onshore wind, but disadvantage nearby offshore wind.

Thank you for your attention to this critical issue.

Sincerely,



Governor Deval Patrick
Massachusetts



Governor Donald L. Carcieri
Rhode Island



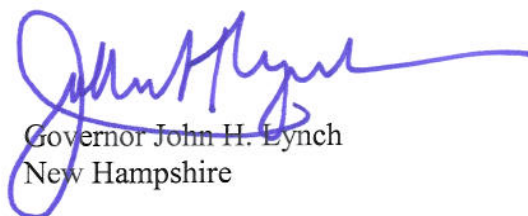
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cc: Chairman Jeff Bingaman
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Secretary Steven Chu
Secretary Ken Salazar
Honorable Carol Browner