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March 14, 2013

The Honorable Barack Obama
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

On July 20, 2011, the Governors' Wind Energy Coalition wrote to you about the importance of your Administration's support for the development of the nation's wind energy resources. Your support and advocacy were critical for successful passage of the wind energy production tax credit early this year. Many workers, who had been laid off in expectation the production tax credit would not be extended, are slowly returning to work in the wind industry. It was a difficult time for all of us but we are pleased that the wind industry now seems to be back on track.

Even with the extension of the wind production tax credit and investment tax credit, there are several important administrative actions that your Administration can take to support renewable energy that are fully within your authority. We are writing once again to suggest wind-related administrative actions you might consider and to thank you for the progress your Administration made in adopting nearly all the initiatives we had suggested in our earlier letter.

We respectfully ask you to consider the following suggestions to help advance the nation's wind energy development and economic potential:

- ***Finalize agency guidance regarding the PTC and ITC extensions.*** In order to realize the benefits of wind energy development this year because of the PTC and ITC extensions, the Internal Revenue Service and the Treasury Department need to finalize the guidance on what it means to start construction. We encourage you to ensure these agencies continue the diligent work they have been doing to get the guidance released as quickly as possible. We also believe the agencies should rely on prior guidance as a model, to the greatest extent possible, in order to ease delays that would come from having to implement any significant changes.
- ***Maintain renewable energy purchases by federal agencies.*** The federal government is one of the largest electricity users in the country. Congress had previously enacted provisions to establish goals or requirements for federal renewable electricity purchases. Under the Energy Policy Act of 2005, federal agencies are required to acquire 7.5 percent of their electricity from renewable energy sources (section 203). Federal agencies have broad discretion in establishing the standards for procuring energy, including electricity.[1]

We respectfully ask you to continue the renewable electricity acquisition policy established by Congress and President Bush in 2005.

- ***Support regional and state transmission planning and implementation.*** FERC's Order 1000 made important changes in how transmission is planned and how it is paid for. For example, Order 1000 requires that transmission providers plan network additions in cooperation with neighboring transmission providers, and that public policy requirements, such as transmission needs that result from state renewable portfolio policies, be considered in transmission decisions. In addition, the rule ensures that those who benefit from transmission improvements help pay for them. These are positive steps forward, since overall efficiency of the transmission system — both technical and economic — will be increased, as planning, implementation and operation are coordinated over larger geographic areas. This conclusion has been amply demonstrated by studies by the Department of Energy through its National Renewable Energy Laboratory. Entities around the country and FERC itself are deep into the compliance filing process.

  We encourage you to continue your support for FERC's ongoing activities to enhance transmission system efficiency on a regional and national basis. And we encourage the continuing support of DOE and the national laboratories for ongoing constructive regional and interconnection-wide transmission planning efforts such as those of the Midwest Governors and the Western Governors. In the West in particular, the DOE-funded interconnection-wide planning has been an effective tool for bringing necessary stakeholders into long-term planning in order to develop the long-term transmission the states need across regions for renewable energy and other policy goals — all important facets of FERC's new planning rule.

- ***Continue to accelerate the development process for offshore wind energy projects.*** Offshore wind is a vast energy source with a significant and untapped economic development potential and we must act promptly to launch the offshore wind industry in the U.S. Although significant progress has been made, offshore developers must have a faster, more efficient permitting process that results in the Bureau of Ocean Energy Management's (BOEM) issuance of multiple leases for offshore wind development by the end of the year. Furthermore, after these leases are issued, BOEM should expedite the approval of Site Assessment Plans for the winning leaseholders. Finally, cooperation from all federal agencies will be critical to developing this industry. For example, there should be expedited progress on the U.S. Coast Guard's Atlantic Coast Ports Access Routes Study that does not result in the Coast Guard significantly reducing the size of BOEM-adopted Wind Energy Areas.

- ***Power Marketing Administrations (PMAs).*** PMAs, including Bonneville Power Administration, Western Area Power Administration, and Southwestern Power Administration, have critical roles to play in the development of the nation's renewable resources. These agencies can improve integration with neighboring electricity systems, improve their own operations to integrate more renewables, build transmission, and partner with private investors on transmission line development. A long-term, regional view is needed that ensures a diversified approach to increasing domestic renewable energy production.

- ***Open Real Estate Investment Trusts to include renewable energy investments.*** Real Estate Investment Trusts (REITS) should be available for renewable energy investment. REITS have a successful history of promoting oil, gas, and other traditional energy sources. By allowing renewable energy projects to use REITS, investors in the nation's energy economy will increase substantially. Technology innovation alone will not be enough to make renewables fully cost-competitive with conventional energy and subsidy independent. Technology innovation must be accompanied by financial innovation. REITS will provide renewable power projects the same access to low-cost capital that conventional energy sources now use.

  The U.S. Treasury Department in a series of recent IRS private letter rulings has allowed REIT investment in a range of energy projects, including natural gas pipelines and terminals and electric power transmission lines, but they have not been extended to renewable energy projects.

  A master limited partnership is also equally innovative but it requires a slight legislative modification to the tax code. Senator Chris Coons plans to reintroduce the Master Limited Partnership Parity Act this session that addresses those statutory changes. Senator Coons's bill had strong bipartisan support last session and your support would be welcomed.

- ***Strengthen the Administration's Clean Manufacturing Initiatives.*** We strongly support attention being brought to manufacturing and encourage expanded coordination with our states and the wind industry supply chain in the area of clean energy manufacturing. We recommend federal-state-industry partnerships led by the U.S. Department of Energy and coordinated with the U.S. Department of Commerce. These partnerships focus on new manufacturing processes and materials that build the global competitive advantage of the nation's wind industry and supply chain.

Finally, we support your encouragement of a portfolio of energy options, and avoiding dependence on any one energy source. In particular, while the recent expansion of the nation's natural gas reserves is good news for domestic energy security, we encourage a goal of energy diversity that has a robust renewable energy component.

History has taught us that relying too heavily on any one source of energy carries significant risks, since price spikes in that source cause substantial economic pain. Wind power expansion will continue to increase diversity in our energy supply and does provide — like natural gas — a domestic resource. And, as described in the Department of Energy's 20% Wind Energy by 2030 report and many subsequent analyses, wind energy can be a substantial part of the solution to the carbon challenge.

We believe these administrative steps will support the further development of the nation's wind industry. We look forward to working with you and your Administration to further our states' and the nation's wind energy development.

Sincerely,

John Kitzhaber, Chairman and Governor of Oregon	Dennis Daugaard, Vice Chairman and Governor of South Dakota

c.

Member Governors
Hon. Heather Zichal, Deputy Assistant to the President for Energy and Climate Change
Hon. Ernest J. Moniz, Designee, Secretary of Energy
Hon. Sally Jewell, Designee, Secretary of the Interior
Hon. Rebecca Blank, Acting Secretary of Commerce
Hon. Jacob Lew, Secretary of the Treasury

Attachment: July 2011 Letter to President Obama

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[1] For example, President George W. Bush signed Executive Order 13423 on January 24, 2007. Among other things, this E.O. required a reduction in energy intensity of federal agencies by of 30% by 2015, a reduction in greenhouse gas emissions from federal agencies by 30% by 2015, and a requirement that at least 50% of renewable energy purchases come from new renewable energy sources. Another example is E.O. 13514, which was signed by President Barack Obama on October 5, 2009. This E.O. required agencies to establish a 2020 greenhouse gas reduction goal (which includes reductions associated with increasing use of renewable energy), required a 30% reduction in vehicle fleet petroleum use, and an increase in water use efficiency by 26%.