July 22, 2010

From: The Undersigned New England business community

To: Members of the New England Senate Delegation:

Senator Joseph Lieberman	Senator Bernie Sanders
Senator Chris Dodd	Senator Patrick Leahy
Senator Sheldon Whitehouse	Senator Jeanne Shaheen
Senator Jack Reed	Senator Judd Gregg
Senator John Kerry	Senator Olympia Snowe
Senator Scott Brown	Senator Susan Collins

New England has a rare opportunity to lead the country in finding a solution to the urgent problem of reducing greenhouse gas pollution while simultaneously growing our economy and creating jobs. We write to urge you, our New England Senate Delegation, to move quickly -- in this session of Congress -- to find common ground in support of energy and climate legislation that puts a price on carbon and creates market signals and public sector policies to accelerate the clean energy economy.

While we believe that comprehensive climate and energy legislation, such as the Kerry-Lieberman American Power Act, would be the best solution, we welcome other slightly narrower options to cap pollution and price carbon in the utility sector and for other major sources as a constructive first step. We appreciate the efforts of Senators Snowe and Collins and note that all of the New England Senators have supported federal or regional clean energy and greenhouse gas reduction legislation in the past. Now is the time for regional, bipartisan leadership in the U.S. Senate.

New England is already leading the way

New England, which already has a carbon pollution cap on the power sector, understands that the real threat to our economy is uncertainty that delays critical investments, and energy price volatility and a potential return to $4 per gallon of gasoline and $13 per mmbtu natural gas prices.

The Regional Greenhouse Gas Initiative (RGGI) already in place in New England is the first-in-the-nation "cap-and-invest" program and it is already beginning to pay dividends. In New England, electricity costs have declined over the life of the program, dropping from an average of 16.17 cents/kWh in 2009 to 15.1 cents/kWh in 2010 while the price in other sections of the country has risen.[1] Moreover, RGGI has raised over $202M in funds for the New England states of which $175M will be used for expanded efficiency programs. This will result in over $525M in projected savings from these programs that will flow into the local economy, boosting economic output by over $1B and creating over 8,000 jobs.[2]

As ENE's analysis and advocacy has well documented, since New England is already under a mandatory cap, it is time to bring this policy to the rest of the country, creating regional equity while encouraging energy efficiency and curbing harmful emissions.

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[1] http://www.eia.doe.gov/electricity/epm/table5_6_b.html

[2] Revenue and state spending plans from ENE Auction Tracker: http://env-ne.org/resources/open/p/id/715; GSP growth and employment based on Howland, et al. http://env-ne.org/resources/open/p/id/964/resource/Energy%20Efficiency%20Engine%20of%20Economic%20Growth

Policy will drive investment and keep us competitive

New England has a thriving cleantech sector. From 2007 through 2009 the Northeast reaped over $2.5B in cleantech venture capital investments[3]. As encouraging as this may sound, it is not nearly enough to keep our region or our country competitive in the worldwide burgeoning clean energy industry. A recent Pew Charitable Trust study[4] concluded that in 2009, China invested twice as much as the U.S. in clean energy—$34.6 billion versus $18.6 billion. In addition, in relative terms, the UK invested three times more than the United States last year, and 10 other G20 members devoted a greater percentage of GDP to clean energy than the United States in 2009. Clean energy involves capital-intensive manufacturing or projects that produce commodities such as fuel, electricity or clean materials. This combination requires an alignment of policy and public sector investment with private and entrepreneurial activity. The market dictates that company growth and jobs are more likely to occur in regions with clear, long-term policies, pricing signals, and a willingness to adopt early.

New England's economy has thrived in other innovation sectors and can do so in clean energy. Our region includes world-class research universities, an active venture capital and entrepreneurial sector, corporate leaders across a range of financial, services, manufacturing, high technology and life sciences sectors, and public sector and non-profit firms that help to bring these communities together to accelerate our clean energy cluster. However, we already see monthly stories of next-generation clean energy ventures growing faster in Europe or Asia. While the U.S. invented solar photovoltaic technology, only one of the world's top ten manufacturers is a U.S. company. We run a serious risk of continuing to invent new solutions but exporting the long-term manufacturing and economic growth opportunities to other parts of the world.

Level the playing field for the clean energy sector

Our American business system is based on the principle that free market competition on a level playing field enables the best products backed by the smartest entrepreneurs to succeed.

However, clean energy companies face an uphill battle in which the fossil fuel industry, a well-established mature business, receives huge government subsidies and an unfair cost basis totaling many billions of dollars. Between 2002 and 2008 fossil fuels received over $72B in subsidies from the U.S. Government.[5] These subsidies and benefits are paid for by taxpayers, draining the US treasury, and giving the fossil fuel industry an unfair advantage, compared to the relatively young and undeveloped clean energy sector.

In addition, the fossil fuel industry incurs hidden 'external' costs that are ultimately paid for by the rest of us. Damages to health from air pollution, harm to ecosystems, the impact of air pollutants and risks to national security are not reflected in market prices of coal, oil, other energy sources, or the electricity and gasoline produced from them. A price on carbon and a cap on emissions would begin to level the playing field and allow clean energy to compete fairly in our free market economy.

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[3] Cleantech Group, LLC; Annual Review and Investment Monitor; 2007, 2008, 2009.
[4] www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Global_warming/G-20%20Report.pdf
[5] http://www.elistore.org/Data/products/d19_07.pdf

We must act now - the status quo is not an option

With the true cost of our addiction to fossil fuels now appallingly visible in the Gulf of Mexico, it is absolutely critical that we put a price on carbon, cap global warming pollution, and put in place national energy policies that will help the U.S. innovation engine compete as a leader in clean energy. Every day that we do not pass strong, comprehensive climate and energy legislation, we put our economy, our security, and our environment at greater risk.

Now is the best chance we have had in a generation to actually pass a meaningful bill. We urge you to unite behind a single climate and energy bill and provide the leadership to pass it in this session of Congress.

Sincerely,

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James D. Rooney
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Massachusetts High Technology Council

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