

United States Senate

WASHINGTON, DC 20510

April 5, 2011

The Honorable Harry Reid
Majority Leader
United States Senate

The Honorable Mitch McConnell
Minority Leader
United States Senate

The Honorable Daniel K. Inouye
Chairman
U.S. Senate Committee on Appropriations

The Honorable Thad Cochran
Ranking Member
U.S. Senate Committee on Appropriations

Dear Senators:

As the Senate completes the Continuing Resolution (CR) for Fiscal Year 2011, we are writing to express our strong support for preserving existing funding for the Department of Energy (DOE) Loan Guarantee Program. We believe that the loan guarantee program is a key part of an "all of the above" energy strategy which will spur job-creating investment today and ensure America has the electricity it needs tomorrow.

If the Loan Guarantee Program does not receive support in the final CR the likely impact will be to eliminate a wide range of clean energy projects. For example, lack of loan authority would likely bring to a halt 7 clean coal projects seeking loan guarantees under the Section 1703 program. Also at risk are renewable projects and energy efficiency projects seeking loan guarantees under the Section 1705 program. Rescinding funding for Section 1705 would likely terminate 78 major clean energy projects from DOE's pipeline of eligible projects, jeopardizing around \$35 billion in domestic energy infrastructure investments and over 58,000 new construction jobs and 25,000 permanent jobs across 45 states. Projects should also be allowed to transfer to the existing Section 1703 which cannot meet the Section 1705 "commence construction" deadline of September 30th, 2011.

Congress created the DOE Loan Guarantee Program as part of the bipartisan Energy Policy Act of 2005 in an effort to overcome the hurdles nuclear, renewable, clean coal, transmission, and other new and innovative energy projects face obtaining affordable long-term financing. After several frustrating years of delay, the program has proven successful, leveraging \$13 of private sector investment for every federal dollar appropriated. To date, the program has facilitated over \$40 billion in project development ranging from an innovative wind power plant design in Hawaii, a new transmission line in Nevada, a solar manufacturing facility in Indiana, three of the world's largest solar generation projects in Arizona and California, and a biodiesel project that will triple the amount of renewable diesel produced domestically in

Louisiana. And virtually every state has its own, or provided parts or labor for, one of these endangered projects.

We appreciate that the fiscal problems facing our nation are severe and that tough choices need to be made to reduce our annual budget deficits and unsustainable federal debt. That is why it is important to note that the projects enabled by DOE's energy loan guarantees will generate billions of dollars in state and federal taxes which should more than offset the cost of the loan program. Additionally, these projects will help create profitable new industries, diversify our nation's generation assets to meet growing electricity demand, and reduce air pollution.

To cancel funding for projects about to begin construction, particularly after companies have already paid DOE millions of dollars for application, consulting, and facility fees and invested hundreds of millions of dollars in engineering, preparation, and project development, would result in a waste of private capital and erode domestic and international confidence in U.S. energy markets.

We look forward to working with you to meet our nation's serious short and long term budget challenges while finding ways to preserve cost-effective programs that diversify our nation's energy sources and create American jobs.

Sincerely,

Maria Cantwell Max G. Baucus

Carl Levin

Bob Casey
Chris Coons

Ron Wyden

Barack Obama

Jim Johnson

Deanne Shaker

Jeffrey A. Merkley

Tom Harkin

Dianne Feinstein