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Ms. Marisa Lago
Assistant Secretary, International Markets and Development
U. S. Department of the Treasury
Washington, DC

Dear Secretary Lago,

I am writing in reference to you March 24, 2011 letter to World Bank President Zoellick regarding U. S. Treasury support for a coal-based international investment and development plan for Kosovo.

I served during 2010-2011 as the inaugural Chief Technical Specialist for Renewable Energy and Energy Efficiency for the World Bank Group. In addition to my current position at the University of California Berkeley, I also serve as the first Energy and Climate Fellow (ECPA) Fellow to the Americas, a position for which Secretary of State Hilary R. Clinton announced my appointment on April 15, 2010.

In considering the international response to the critical energy needs and the environmental and health crisis in Kosovo, and wish to congratulate and to thank you for your work. In your March 24, 2011 letter you note that:

> Based on current, albeit limited information, Treasury staff have concluded that the proposed World Bank cooperation would be consistent with the December 2009 U. S. Guidance for Multinational Development Banks for Engaging with Developing Countries for Coal-Fired Power Generation.

This is an important statement, and it is well worth noting that since you wrote this, the data and assessment landscape has been expanded. In the comments below, I highlight several points:

- The current status of coal-fired projects worldwide
- The new data on energy resources in Kosovo and low-carbon energy options
- Opportunities for the international community to support Kosovo with grant and loan packages to launch this clean energy economy for Kosovo

Over the past decade plans for 160 new coal fired power plants in the United States have been scrapped, largely due to rising costs and an inability to compete in today's energy markets. That's because once 'expensive' clean energy has fallen dramatically while 'cheap' fossil fuels are increasingly expensive in economic, health, and environmental terms. As a result, in many parts of the world wind is the least-cost source of electricity. In addition, in the sunniest parts of the United States, including my home state of California, long-term forecasts are for incredible growth in solar energy and natural gas, but not for coal.

The political discourse needs to catch up to this new energy reality. That's why for over a year I was honored to work at the World Bank as their first Chief Technical Specialist for Renewable Energy and Energy Efficiency – their 'clean energy czar'. I worked with talented and dedicated individuals across the institution and saw important strides taken to share this knowledge with governments around the world.

Today, less than four months since I left to return to my academic post at the University of California Berkeley, I see a critical decision point where the World Bank can empower political leaders to lead the charge for a clean energy future for the Kosovar people - or we can collectively fumble a chance to usher in a new secure and sustainable energy economy.

Kosovo is a very poor country that suffers hours of power cuts every day, and yes, it sits on vast reserves of lignite coal. However, the full costs of this high-carbon energy option are too high for the people of Kosovo, and the international community has the resources and opportunity to assist in charting a different path.

Recent analysis by a former chief EPA official working with the Sierra Club found that addressing the country's vast losses alone (up to 40% of power generated) eliminates the need to put Kosovo's environment or the health of their citizens at risk with a new coal plant. They also found that a new coal plant is far more expensive than policymakers had planned risking dramatic increases in electricity rates and a billion euro in debt at a time when the financial crisis is raging across Europe.

My own research team at the University of California, Berkeley, analyzed the alternative energy potential for the country[1]. We found that a far more sustainable option exists. Investing in energy efficiency and upgrading the transmission and distribution system, exploiting wind and biomass resources, and engaging in regional partnerships with Albania on excellent hydropower resources provide more power than the proposed new lignite coal power plant. These options also produce more jobs and avoid the health and environmental damages of decades more coal-fired energy.

It is clear Kosovo has another path, and I will be bitterly disappointed if the World Bank, the US, and EU governments who all mean well in support of the energy and economically poor nation of Kosovo, choose to support plans for a business as usual lignite coal fired power plant. This decision will lock Kosovo into carbon-intensive energy for decades to come when European

[1] http://rael.berkeley.edu/kosovoenergy

[2] http://www.time.com/time/health/article/0,8599,2052627,00.html

Union membership – the stated goal of Kosovo – comes with a mandate to cut emissions by 20% or more over the next decade. It will also force residents in Obilić where the coal-fired power plant would be built, and in Kosovo's capital Pristina, to breathe polluted air that in the United States kills 30,000 Americans every year. This is a devastating legacy for a young nation that we know can have a different path.

In 2010, my laboratory conducted a similar analysis for the Malaysian state of Sabah[2]. The Prime Minister and his team examined our findings, and agreed to adopt a mixture of renewable energy and natural gas to meet the state's energy needs. Our academic and non-governmental partnership in Malaysia pledged to work to find sustainable and economical viable options for Sabah.

Kosovo is actively looking toward European Union membership, which comes with an obligation to work towards the union's '20-20-20' energy and climate goals. Construction of a coal-fired power plant is inconsistent with a clean and healthy energy future, and in fact, is one that puts a poor nation at a significant economic disadvantage within the European Union. For this reason alone, it makes sense to the economic security of Kosovo for the international community to take advantage of the findings of our energy resources assessment and support the construction of a modern energy system for Kosovo. In particular, our report finds that Kosovo would benefit most significantly from a package of investments that:

- Reduced the significant energy losses in the existing system
- Emphasized energy efficiency in industrial and end-use sectors
- Funded wind, biomass projects in Kosovo, potentially using the existing Feed-in tariff legislation
- Initiated construction of the Zhur hydropower project as part of a larger plan for regional hydropower cooperation, as well as building out the significant potential of small-scale hydropower units
- Explored for geothermal resources, which look highly promising based on survey and commercial projects in neighboring nations.

As in Sabah, this resource mix makes clear that same story of a transition from fossil-fuel based plans to clean energy plans could become Kosovo's future. There are increasingly strident calls from civil society to found the young country's future on clean alternatives that will provide far more jobs and ensure energy access for all Kosovar citizens. The world has changed, now Kosovo needs the World Bank and the U. S. Government to jointly seize the opportunity to champion sustainable development and help Kosovo lead a new clean energy path.

Sincerely,

Daniel M. Kammen

[2] http://www.time.com/time/health/article/0,8599,2052627,00.html

Biographic Summary:

Daniel M. Kammen is the Class of 1935 Distinguished Professor of Energy at the University of California, Berkeley, in the Energy and Resources Group and the Goldman School of Public Policy, where he directs the Renewable and Appropriate Energy Laboratory. From 2010 – 2011 he was the inaugural Chief Technical Specialist for Renewable Energy and Energy Efficiency at the World Bank.

Kammen serves the U. S. State Department as a Clean Energy Fellow to the Americas. He was announced by Secretary of State Hilary R. Clinton as the inaugural Environment and Climate Partnership to the Americas (ECPA) energy fellow in a speech on April 15, 2010: http://www.state.gov/secretary/rm/2010/04/140286.htm

Kammen's Kosovo and southern European energy assessment work can be found at:

http://rael.berkeley.edu/kosovoenergy