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Gov. Gina M. Raimondo
Chair
Kansas
Gov. Sam Brownback
Vice Chair

February 13, 2017

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Trump:

As the governors of Rhode Island and Kansas and the chair and vice chair of the Governors' Wind & Solar Energy Coalition — a bipartisan group of the nation's governors representing states from coast to coast — we look forward to working with you to strengthen America's energy future.

The Coalition's twenty member-states are home to hundreds of wind and solar energy facilities that employ hundreds of thousands of Americans and contribute significantly to each state's economy, and the nation's at large. The growth of the renewable energy industry is an American success story built on federal research and development, state policy leadership, private sector investment, and ingenuity. A new chapter of that story began last year when our country's first offshore wind facility went into service in the waters of Rhode Island.

The nation's wind and solar energy resources are transforming low-income rural areas in ways not seen since the passage of the *Homestead Act* over 150 years ago. For example, U.S. wind facilities pay rural landowners \$222 million a year, with more than \$156 million going to landowners in areas with below-average incomes. In addition, \$100 billion has been invested by companies in low-income counties, where some 70 percent of the nation's wind farms are located¹.

Last year, the country's solar industry employed over 200,000 and added 31,000 new jobs. Most of the installations are in rural areas and have provided landowners another income option. Further, the United States added a record 4,143 GW of new solar in the third quarter of 2016². Wind energy currently generates nearly 25 percent of Kansas's electricity, 35 percent of Iowa's electricity, and five percent of the entire nation's electricity.

¹Wind power pays \$222 million a year to rural landowners, *American Wind Energy Association*, March 2, 2016; *Wind Is the New Corn for Struggling Farmers*, *Bloomberg News*, October 26, 2016.

²*National Solar Job Census*, *The Solar Foundation*, 2016.

Members of the Coalition have seen the benefits of renewable energy firsthand, and agree that expanding renewable energy production is one of the best ways to meet the country's growing demand for energy. Today's wind and solar resources offer consumers nearly unlimited electric energy with no fuel costs, no national security impacts, and a number of environmental benefits. The boons of renewable energy can be virtually endless with your Administration's and Congress' support of the key initiatives detailed here. Your support of these initiatives will allow our nation to capitalize on renewable resources, meet the needs of Americans and bolster the economy.

Grid modernization and Transmission Development

Any national infrastructure legislation introduced in Congress should provide significant funding for grid modernization.

Just like other basic infrastructure needs, the nation must address the electrical transmission challenges that a large expansion of renewable energy production will create, including the integration and transmission of significant new renewable energy to all areas of the nation. Across the country, electric utility customers are paying for investments in transmission and distribution system modernization. As the governors work with state utility commissions and the private sector to plan the best electric systems, it is vital that those investment decisions are based on the latest data, technology options and trends.

The complexity of the nation's aging, multi-state grid makes the need for sophisticated modeling and analysis critically important. We ask that you create a new state-federal task force, perhaps in conjunction with the Federal Energy Regulatory Commission and the National Laboratories, to examine options to modernize and streamline state and federal regulatory processes. Improving the regulatory framework will stimulate private sector and utility investments in a resilient electric system that is capable of withstanding security threats and delivering low cost electricity to every region of the nation.

Adopt Comprehensive Long-term Offshore Wind Development Legislation

Offshore wind is an abundant source of renewable energy handily located near some of our nation's largest cities and densest areas of population. However, the United States boasts just one active offshore project – the Block Island Wind Farm along the coast of Rhode Island. Europe currently has 11 GW of offshore wind installed. The Department of Energy's 2015 Wind Vision Report predicted that our country's offshore wind resources could support the installation of 22 GW of new wind by 2030 and 86 GW by 2050. If we capitalized on that potential, a new American offshore wind industry could create thousands of jobs in research and development, engineering, manufacturing, marine construction and other sectors.

Given its location, offshore wind presents greater development challenges than onshore wind, resulting in longer construction times and higher initial costs. In addition, most of the nation's best offshore wind resources are found in federal waters — requiring federal permits and other logistic efforts that can add years to the construction timeline.

Because of these offshore development challenges, different tax incentives, infrastructure investments, and research are needed for offshore wind projects to be successful. Understanding this, the governors

recently informed Congressional leadership that the nation's offshore wind industry cannot grow without specific federal policy foundations that will encourage offshore wind development in shallow and deep water. The governors have urged Congress to approve comprehensive offshore development legislation as soon as possible.³

Offshore wind investors need a faster return on their long-term investments, which is why the investment tax credit (ITC) is a better incentive for offshore wind development than the production tax credit (PTC). Tax incentives for the first offshore wind projects will ultimately reduce costs for future projects and for consumers. In order for offshore wind to be successful, a long-term extension of a thirty percent investment tax credit is critical.

Unfortunately, Congress has passed only short-term extensions of the investment tax credit that will expire before a majority of offshore wind projects will qualify. In fact, the National Renewable Energy Laboratory's analysis of the impacts of the recent PTC and ITC extensions found that no offshore wind projects would qualify prior to the 2019 expiration date. The investment tax credit also phases down, similar to the production tax credit, removing the effectiveness of the incentive.

Investor confidence in the nation's offshore wind potential is strong today. Six companies from around the world recently competed in a federal auction for the right to explore building offshore wind energy facilities on the Outer Continental Shelf. This is evidence of the private sector's support for offshore wind development, but that support will disappear without a strong national policy foundation.

It is our hope that your Administration and Congress will support a long-term extension of a thirty percent investment tax credit for offshore wind. Congress already has two pieces of legislation from last session that would address this issue. Bills authored by Senator Markey and Senator Whitehouse (S.3036) would extend the ITC for offshore wind through 2025 so the industry has sufficient time to develop these projects. Other legislation authored by Senator Carper and Senator Collins (S.1736) would allow the first 3,000 megawatts of offshore wind to qualify for the ITC, providing certainty for early developers regardless of timing. Both bills have companion legislation in the House. We support these efforts and other options that provide more certainty and time for the investment tax credit.

Increase Wind and Solar Research and Development Appropriations

The nation's long-term investment in research conducted by the U.S. Department of Energy's national laboratories, state universities, and private companies around the nation is responsible for the extraordinary growth of the nation's wind and solar energy industry. New electricity distribution, storage, controls and end-use technologies are making possible increased resilience and decreased costs to improve economic competitiveness.

Federal funding for energy research and development helps ensure that future generations of Americans are the beneficiaries of the country's tradition of energy innovation and economic competitiveness. This funding will also continue the dramatic cost reductions we've seen over the past 15 years as the average cost of wind and solar energy production continue to fall. For states without fossil fuel resources, wind

³Iowa Governor Terry Branstad and Rhode Island Governor Gina Raimondo to Congressional Leadership, June 29, 2016. Governors' Wind & Solar Energy Coalition.

and solar offer economic development opportunities for rural areas. For states with natural gas, coal, and oil resources, wind and solar present an opportunity to diversify energy resources.

If the United States does not continue robust federal research and development programs in wind and solar energy, we will cede leadership in these critical technologies to other nations that have demonstrated ongoing high priority commitments to these technologies, such as China. We would also cede the resulting economic development benefits to these nations and would be importing the great majority of our wind and solar equipment from them.

Streamline and Improve Collaboration for Permitting Solar and Wind Energy Projects

It is very difficult to permit wind and solar projects on public land and private land because of unworkable wildlife regulations. Wildlife permitting should allow wildlife-friendly projects and mitigation efforts to advance. An especially effective approach used by past Administrations to address permitting and siting issues is to direct assistant secretary level appointees from key agencies to meet quarterly and report on progress and remaining barriers. Consistent high-level attention, followed by White House questions, can deliver results.

Thank you for your consideration of our recommendations and your support for the nation's energy future. Please contact us or Larry Pearce, the Coalition's executive director (402-651-2948 or larry@governorscoalition.org) if we can be of further assistance.

Sincerely,



Gina M. Raimondo
Chair and
Governor of Rhode Island



Sam Brownback
Vice Chair and
Governor of Kansas

cc:

- The Honorable Mike Pence, Vice President
- The Honorable Reince Priebus, Chief of Staff
- Members, Senate Appropriations Subcommittee on Energy and Water Development
- Members, U.S. Senate Finance Committee
- Members, U.S. Senate Energy and Natural Resources Committee
- Members, U.S. House of Representatives Subcommittee on Energy & Water Development
- Members, U.S. House of Representatives Committee on Commerce and Energy
- The Honorable, Rick Perry, U.S. Secretary of Energy Nominee
- The Honorable, Scott Pruitt, U.S EPA Administrator Nominee
- The Honorable, Sonny Perdue, U.S Department of Agriculture Nominee
- The Honorable, Jared Kushner, Senior Advisor to the President Assistant to the President
- The Honorable, Mick Mulvaney, White House Office of Management & Budget Nominee