



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

March 23, 2009

The Honorable Steven Chu
Secretary
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Secretary Chu:

Thank you for the meeting with Secretary Hanger and me last Thursday. I appreciate your feedback and hope you keep the five projects we discussed in mind as competitive funding proposals are considered. These projects are cornerstones to Pennsylvania's energy future and economic development and maintain a compelling public interest.

The relief offered to Pennsylvania by the American Recovery and Reinvestment Act will bring much needed stability to struggling families and communities, and it will finance and stimulate growth and innovation by our large industries and small and medium-sized businesses.

Since taking office in 2003, the expansion of Pennsylvania's green energy sector has been central to my economic development strategy. Among my proudest accomplishments are the strides we've made growing businesses that are helping us curb greenhouse gas emissions, cut energy consumption, and reduce our dependence on foreign oil. Permit me to share a few key elements of the laws enacted since 2003 that have made this possible.

The Alternative Energy Portfolio Standards Act, passed in 2004, requires 8% of all retail electricity sold in Pennsylvania to come from renewable sources (wind, biomass, biogas), 0.5% to come from solar photovoltaic, and 10% from alternative energy sources (waste to energy, waste coal). In January 2009, a bill that I strongly support was introduced to increase these requirements to 20% renewables, 3% solar, and 3% advanced coal combustion with carbon capture and storage (CCS). As introduced, this legislation requires the development of a regulatory framework for CCS and allows the Commonwealth to accept CCS liability for only the first facility to deliver the coal-fired electricity with CCS. This bill will once again make Pennsylvania a leader in renewable energy production, will protect the Commonwealth's competitive advantage for CCS technology, and will provide future electricity price stability as fossil fuel prices increase.

The Honorable Steven Chu
March 23, 2009
Page 2

In 2008, The Alternative Energy Investment Act authorized \$650 million in grants, loans and tax credits to promote clean energy, and is expected to substantially cut carbon emissions. The Act provides for \$237.5 million to help consumers conserve electricity and manage higher energy prices, and \$412.5 million to spur the development of alternative energy resources and create good-paying, skilled jobs for Pennsylvania's hard-working men and women.

Pennsylvania's Biodiesel Incentive and In-State Production Act, also passed in 2007, established incentives for the production of cellulosic ethanol and biodiesel, allowing the Commonwealth to take a major step toward breaking our dependence on foreign oil in favor of cleaner, domestically produced alternative fuels. In January of this year I was able to announce that within one year, every gallon of on-road diesel fuel sold in the state will contain at least 2% biodiesel. This 2% requirement was triggered in 2008 when instate production of biodiesel reached 40 million gallons. Once we have reached 100 million gallons of biodiesel production, Pennsylvania's biodiesel blend requirement will rise to 5 percent and will continue to rise up to 20 percent as production levels increase.

Pennsylvania also recently passed an aggressive electricity conservation law (Act 129 of 2008) that requires reductions in consumption load growth, deployment of smart meters, and three pricing plans that allow customers to choose between real-time, on/off peak or average pricing. These actions promote conservation and provide Pennsylvanians with valuable cost-cutting tools to use as electricity rate caps are removed.

I am also pleased to inform you that by October of this year, Pennsylvania will have a detailed climate change action plan, developed through a comprehensive stakeholder process. The daunting tasks of confronting climate change, developing stable, low-cost energy sources and now, overcoming a severe economic recession, are tasks that Pennsylvania is well equipped to confront and overcome.

To prepare to confront these challenges, I am pleased to submit this letter on behalf of the Commonwealth of Pennsylvania to satisfy the formal certification requirement articulated in Section 410(a) of the American Recovery and Reinvestment Act. In response to the specific requirements of §410(a), I certify the following.

§410(a)(1) – I have written to our independent utility regulator, the Pennsylvania Public Utility Commission, asking that they ensure that utility financial incentives are aligned with those companies' pursuit of their customers' interests regarding energy efficiency.

§410(a)(2)(A) – In Pennsylvania, our statute requires that the most recently published version of the International Energy Conservation Code be incorporated into our state building code. No further action is needed to meet these requirements of §410(a) (2) (A).

§410(a) (2) (B) – Our existing building code meets or exceeds the existing ANSI/ASHRAE/IESNA standard.

§410(a) (2) (C) – The Pennsylvania Alternative Energy Investment Act requires that Pennsylvania establish High Performance Building standards. This will be accomplished within the next month. In addition, I have committed to the implementation of Green Building Codes governing both residential and commercial construction. I will support legislation that achieves this goal.

§410(a) (3) (A) and (B) – Pennsylvania will prioritize funding of grants for energy efficiency and renewable energy. Already, programs in place or in development under Pennsylvania Alternative Energy Investment Act will put \$650 million toward efficiency and renewable energy. We will further enhance these programs in the coming year both through electric utility conservation programs, under Act 129 of 2008, and through the use of funds to be provided under the American Recovery and Reinvestment Act.

§410(a)(3)(C) – I will reach out to our neighboring states to ensure all coordination necessary for the efficient and effective use of funds under Alternative Energy Investment Act, as well as through the use of existing programs.

I pledge to you and the citizens of Pennsylvania that we will oversee these funds with the highest standards of accountability and transparency. In every way possible, I intend to enhance and amplify the effect of every dollar spent on behalf of Pennsylvania companies and residents to employ Pennsylvanians, slash energy consumption, reduce greenhouse gas emissions and stimulate real growth in the Commonwealth's green energy economy. I am determined to see our citizens keep their jobs and obtain employment in newly-created, sustainable jobs that produce long-term value.

Sincerely,



Edward G. Rendell
Governor