

WASHINGTON- Today Congressman Lee Terry (R-NE) sent a letter to President-Elect Barack Obama urging him to support energy incentives and improve America's energy infrastructure in order make our country more energy independent.

"The biggest long-term threat to our national security is our current energy situation," said Congressman Terry. "I encourage Mr. Obama to consider things like multi-year production tax credits, improve our country's electric transmission facilities, build ethanol pipelines from the Midwest to other parts of the country and increase funding for cellulosic ethanol." "I am confident Mr. Obama and I share the goals of increasing America's domestic energy production and I look forward to working with our new President to achieve these goals."

The letter follows:

January 7, 2009

Mr. Barack Obama

President-Elect of the United States of America

Office of the Presidential Transition

Dear President-Elect Obama:

As you prepare your agenda and stimulus package, I would like to recommend you put forth significant incentives to increase our nation's renewable energy production and improve America's energy infrastructure in order to increase our energy independence. I encourage you to include the following elements in any stimulus package: (1) a multi-year extension of the production tax credit; (2) provisions to upgrade, improve and enhance the nation's electric grid and transmission facilities; (3) provisions to facilitate the construction of ethanol pipelines from the Midwest to the rest of the nation; and (4) enhanced funding for research into cellulosic ethanol.

For the past several years, Congress has repeatedly passed one-year extensions of the renewable electricity production tax credit. One-year extensions are simply unreliable, and producers literally cannot take them to the bank when applying for loans. Such a result leaves us no closer to our goal of developing alternative energy sources. Accordingly, I encourage any economic stimulus plan to extend the production tax credit by an additional five or six years, similar to what was included in H.R. 6133, which I introduced on May 22, 2008.□ Such a long-term tax extension would provide a predictable investment environment for the construction of solar, wind and other types of renewable electricity production. This in turn would stimulate the kind of investment in America's renewable energy sector that is needed to grow jobs, the economy and our ability to meet future energy and environmental needs.

As our nation generates more electricity from renewable resources, it is essential that we upgrade the existing transmission infrastructure. Already, there are parts of the country, such as Minnesota, where the existing transmission lines are not capable of carrying all of the electricity generated by local wind farms. By 2030 the U.S. will need to produce 30% more electricity and will need thousands of miles of new transmission lines to bring renewable electricity to consumers. Upgrading the electric grid should take three forms: the first is continuing policies, and enacting new ones, which will encourage Americans to generate their own electricity with solar panels, microturbines, geothermal heat pumps and other means in order to reduce pressure on the electric grid. Second, the United States Government should invest significant resources in upgrading the current electrical grid to become a "smart grid." Finally, the federal government should assist in funding the construction of new high capacity transmission lines to bring electricity generated from remote places in the Great Plains where renewable electricity will be generated to population centers with high energy demand.

I also encourage you to enact policies making it easier to construct ethanol pipelines that would bring the high-octane renewable American fuel to the East Coast and other areas

which need more ethanol to blend into gasoline. The Economic Recovery Package contained the first step towards this. However, another step is needed, and that is increasing the Department of Energy loan guarantee rate from 80% to 90% to help companies planning such a pipeline obtain the necessary financing. Congressman Boswell and I introduced such legislation (H.R. 6692) on July 31, 2008.

Finally, in order to increase our nation's energy independence, we need to produce more corn-based and cellulosic ethanol to meet the goal of reducing U.S. oil consumption by the amount we currently import from the Middle East and Venezuela. To this end, I would encourage your administration to complete studies on the use of higher ethanol blends in non-flex fuel vehicles. I also encourage your administration to close the cellulosic ethanol "Valley of Death" between initial technology research and commercialization by funding a limited number of high potential cellulosic ethanol projects beyond those done in the joint USDA-Department of Energy Biomass Research & Development Initiative. I proposed such a program in the Incentivizing Renewable Energy Production Act (H.R. 6552), which I introduced on July 17, 2008.

Thank you for your attention to these suggestions. I am confident that we both share the goals of increasing America's domestic energy production from both renewable electricity sources and renewable fuels. I look forward to working with you to advance these policy goals.

Sincerely,

LEE TERRY

MEMBER OF CONGRESS

