

***Resolution Urging Implementation of and Continued Support for the Loan Guarantee
Program Authorized By the Energy Policy Act of 2005***

WHEREAS, The Energy Information Administration predicts an increase in electricity demand of almost eight percent by 2015 and almost 13 percent by 2020; *and*

WHEREAS, Meeting increased electricity demand and maintaining reliability will require capital investment of an estimated one trillion dollars between now and 2020 on transmission and distribution, additional generating capacity, efficiency and demand-side management programs, and environmental control technology, before any investment in controlling carbon emissions; *and*

WHEREAS, Political momentum is growing in Washington, D.C., to implement a federal program to control carbon emissions; *and*

WHEREAS, Many analyses have concluded that meeting future electricity demand and reducing greenhouse gas emissions will require a portfolio of advanced energy technologies, including renewable energy, energy efficiency, clean coal and nuclear energy; *and*

WHEREAS, Investments made in energy efficiency and demand response could reduce the need for the deployment of generating facilities; *and*

WHEREAS, New, near-zero-carbon or baseload nuclear and low-carbon coal-based generating technologies are large, capital-intensive projects; *and*

WHEREAS, The cost of even one of these projects represents a significant portion of the market value of U.S. electric power companies and will, by itself, strain the financing capability of the electric power companies, at a time when all companies must also finance other needed infrastructure like transmission, distribution, renewables, efficiency and environmental control technology; *and*

WHEREAS, Investment in a broad portfolio of cost-effective energy technologies is needed, including energy efficiency, renewable energy resources, clean coal, and nuclear technologies; *and*

WHEREAS, The needed capital investment in infrastructure will place upward pressure on consumer rates, and all efforts should be made to reduce the cost of these projects, including the cost of financing these projects; *and*

WHEREAS, The Energy Policy Act of 2005 authorizes the U.S. Department of Energy (DOE) to make loan guarantees for projects to encourage the commercialization and increased use of a variety of energy projects that avoid, reduce, or sequester air pollutants and anthropogenic greenhouse gas emissions, including renewable energy, advanced nuclear energy, advanced fossil energy technology including coal gasification, efficient transmission and distribution technologies, carbon capture and sequestration projects, and other technologies; *and*

WHEREAS, Congress has authorized DOE to issue \$38.5 billion in loan guarantees by the end of FY 2009 (\$10 billion for renewable and energy efficiency, \$18.5 billion for advanced nuclear, \$2 billion for front end nuclear fuel cycle, \$6 billion for coal based systems, and \$2 billion for advanced coal gasification); *and*

WHEREAS, The federal loan guarantee program could reduce the cost to consumers of building new, zero-carbon or low-carbon baseload power plants by reducing the cost of capital; *and*

WHEREAS, Legislatures and regulators in many States have created policies to support construction of new technologies that will reduce, avoid, or sequester emissions of air pollutants and greenhouse gases; *and*

WHEREAS, Given the cost and size of these advanced baseload technologies, it is appropriate for the federal government to assist in assuring the efficient and cost-effective financing and construction of new, cleaner generating technologies; *now, therefore, be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 2008 Summer Meetings in Portland, Oregon, urges the federal government to implement the loan guarantee program authorized by the Energy Policy Act of 2005 in order to stimulate investment in advanced energy technologies that reduce, avoid, or sequester air pollutants and greenhouse gases; *and be it further*

RESOLVED, That NARUC urges Congress and the Executive Branch to ensure that:

- Authorized funding is increased to make the loan guarantee program an effective financing mechanism, with the long-term stability and certainty needed to finance large, capital-intensive projects;
- The taxpayers' interest is protected with a rigorous, disciplined program of due diligence on all projects requesting loan guarantees; and
- The authority to issue the \$38.5 billion in loan guarantees already authorized is extended beyond the end of FY 2009 to the end of FY 2012, in recognition of the three to four years of licensing and permitting required before construction can begin.

*Sponsored by the Committees on Electricity and Energy Resources and the Environment
Adopted by the Board of Directors July 23, 2008*