



September 26, 2003

The Honorable Pete V. Domenici  
Chairman  
Committee on Energy and Natural Resources  
SD-364 Dirksen Senate Office Building  
Washington, D.C. 20510-6150

The Honorable W.J. "Billy" Tauzin  
Chairman  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, D.C. 20515-6115

Re: Comprehensive Energy Legislation

Dear Chairmen Domenici and Tauzin:

On behalf of the National Association of State Energy Officials (NASEO), representing the state energy officials in the states, territories and the District of Columbia, we provide the following comments in support of certain provisions of the comprehensive energy bills your are attempting to conference. As an initial matter, all the state energy officials applaud you for the monumental effort you are undertaking as you attempt to develop a balanced national energy policy.

Provisions which you have already released representing the views of the two Chairmen, which we specifically endorse, include: 1) reauthorization of the State Energy Program (SEP); 2) reauthorization of the Low-Income Weatherization Assistance Program; 3) reauthorization of the Low-Income Home Energy Assistance Program; 4) authorization of a new "Energy Star" appliance rebate program; and 5) authorization of a new public buildings energy efficiency program. These critical existing programs and the new programs provide vitally important services to the American people. We are especially appreciative of the fact that these provisions have been consistently supported on a bi-partisan basis in both the House and the Senate.

1414 Prince Street  
Suite 200  
Alexandria, Virginia 22314

Telephone: 703.299.8800  
Facsimile: 703.299.6208  
Home page: [www.naseo.org](http://www.naseo.org)

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As noted in a separate letter signed by key state and local groups, we continue to support mandatory reliability legislation in the electricity area, with the language already agreed to for a "savings clause" and deference to the western interconnection. We have endorsed this effort for at least seven years. NASEO also continues to oppose federal eminent domain for electric transmission siting, including opposition to a federal backstop. The National Governors Association's letter to you of September 23, 2003, clearly explains the problems with this approach. The House provision in this area is inappropriate and does not address the real problems. The regional approaches suggested in the Senate bill and the aggressive efforts to move forward on Multi-State Entities (MSEs) should be encouraged. States have had important responsibilities for electricity adequacy and will be critical in future efforts.

Authorizations, of the type already delineated in the mark you have developed for clean coal technology, hydrogen, renewable energy and energy efficiency programs are examples of positively promoting diverse energy sources which will serve the nation in the new century. Streamlined oil and gas permitting on federal lands, while taking into account necessary environmental concerns, is also an important part of any final bill. As the National Petroleum Council has identified in their report issued this week, we have insufficient domestic drilling of natural gas to meet the demand. NASEO supports the Renewable Fuels Standard expansion contained in the legislation, which would triple the use of ethanol by the earliest possible date. Permanent expansion of the Strategic Petroleum Reserve (SPR) and the use of the Royalty-in-Kind methodology for filling the SPR is necessary to keep our best "insurance policy" vibrant into the 21st century. Expansion of appliance energy efficiency standards, without early state preemption, is also a good idea and should be included in a final comprehensive bill. Good progress has been made in this area among interested parties working with committee staff. Continuation and expansion of the Federal Energy Management Program (FEMP) and the use of Energy Service Performance Contracts, as described in your latest mark is very good legislative language.

With respect to the tax title, we recognize that you and the tax conferees have a difficult task balancing competing interests within tight budget constraints. We hope that you will be able to find room for extending the expiring tax credits, including credits for wind and other renewable energy. We also urge the conferees to adopt the House provision governing the energy efficiency tax credit for new and existing homes. We strongly support expanded tax benefits for promotion of hybrid vehicles. Use of hybrid vehicles is a critical way to reduce our consumption of oil in the transportation sector. Generally, NASEO would support balanced tax benefits for renewable energy, energy efficiency, hydrogen and traditional fuels. A balanced energy policy includes support for diversity of fuel types.

We look forward to continuing to work with you in your necessary effort to complete a comprehensive energy bill. We stand ready to assist you in any way.

Sincerely,

John Nunley  
Chairman

cc: The Honorable Jeff Bingaman  
Ranking Member  
Committee on Energy and Natural Resources  
The Honorable John Dingell  
Ranking Member  
Committee on Energy and Commerce  
The Honorable William M. Thomas  
Chairman  
Ways and Means Committee  
The Honorable Charles B. Rangel  
Ranking Member  
Ways and Means Committee  
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