NEW MEXICO
ECONOMIC DEVELOPMENT
Department

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GOVERNOR

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CABINET SECRETARY

December 9, 2008

Senator Jeff Bingaman
Chairman, Energy and Natural Resources Committee
703 Hart Senate Office Bldg.
United States Senate
Washington, D.C. 20510

Dear Senator Bingaman:

Thank you for your tireless leadership on behalf of New Mexico's citizens and our national energy needs. This letter provides input on a possible green jobs component of the economic stimulus package being formulated in Congress.

New Mexico has many assets in the areas of renewable energy, energy efficiency and the "green grid" that can be leveraged to create jobs. The New Mexico Economic Development Department is developing a Clean Energy Economic Development Strategy, and considers this sector to be a critical area for stimulus, as well as for long term economic growth for the state. As you know, New Mexico has:

- The second best developable solar resource in the country, 5th best inland wind resource, and significant geothermal potential located on abundant open land. As a small state, New Mexico has the potential to be a power exporter which will strengthen our national energy independence and generate jobs for our citizens;
- The New Mexico Renewable Energy Transmission Authority, which will help deliver our renewable electricity to market;
- An existing cluster of solar and other clean technology manufacturing firms,
- World-class renewable energy and "smart grid" research capabilities at our national labs and universities, an established venture capital community, and an emerging focus on commercialization that can generate new startup companies;
- The Southwest Biofuels Association and leading research capabilities on biofuels from feed stocks that can be grow on arid lands.
- A WIRED workforce grant, nationally recognized solar and wind training programs, and an emerging statewide, cross-sector Green Jobs Partnership that will coordinate green workforce development efforts;

Below are opportunities for investment in New Mexico's Clean Energy Economy that I encourage you to consider for inclusion in the stimulus bill and upcoming energy legislation.

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Funding for research and demonstration of "Green Grid" solutions
The State of New Mexico has organized a consortium of national laboratories, universities, utilities and companies involved in "green grid" solutions across the state. This consortium is preparing a proposal for state and federal funding to make New Mexico a national research and demonstration center for the technology and systems that modernize our grid, ensuring reliability, creating efficiencies and supporting the presence of significant renewable generation sources, both utility-scale and smaller distributed sources. Solutions developed in New Mexico can be deployed across the country and will generate high-wage jobs for our state.

Investing in transmission linking areas of diverse, high-value renewable energy in New Mexico with load centers in other states
As a state with nation-leading renewable energy resources and a small population, New Mexico has the potential to be an exporter of electricity to other states. Exporting New Mexico's electricity is a win-win proposition: other states get the renewable energy they need, our nation becomes more energy independent, and New Mexico gets valuable jobs that can never be sent overseas. Across the region, we are working with the Western Governors' Association to identify Western Renewable Energy Zones that will identify high-value areas in need of new transmission capacity. Federal transmission investments are needed to connect these Renewable Energy Zones to load centers. I encourage Congress to consider investments in our transmission infrastructure to bring renewables to market. The federal government can also play an important role in removing regulatory impediments to the development of renewable resources and associated transmission lines.

Establishing a national Renewable Portfolio Standard
New Mexico has already demonstrated leadership in promoting renewable energy by establishing a state-level Renewable Portfolio Standard. I encourage you to establish a national RPS. Such a standard would dramatically increase demand for renewable electricity and provide a greater market for New Mexico's clean energy resources.

Funding for energy efficiency and clean energy projects
State and tribal grants for energy efficiency and clean energy projects would be well spent in New Mexico. Energy efficiency and weatherization funding, particularly targeting low-income citizens, creates jobs and ensures our citizens are living in homes that are safe, comfortable and affordable in the face of rising energy prices. The U.S. Department of Energy estimates that 52 jobs are created for every $1 million spent on energy efficiency and weatherization.

Furthermore, funding should be included for clean energy projects including solar thermal and solar photovoltaic projects, wind projects, geothermal projects and Combined Heat and Power systems. The Renewable Energy Policy Project has calculated that both solar and wind power create 40% more jobs than coal power for an equivalent amount of power. Investing federal dollars will produce jobs, foster energy independence, and drive system costs down.

Incentives for renewable energy production and system component manufacturing

The Renewable Energy Production Tax Credit (PTC) and the Solar Investment Tax Credit (ITC) have been effective tools for supporting New Mexico's growing clean energy industry. In the solar industry alone, the

Energy Industries Association has estimated that extending the ITC through 2016 would create 19,000 new jobs in New Mexico. This is the highest employment gain from an ITC extension in the nation as a percentage of state population.

New Mexico has a state Alternative Energy Product Manufacturer's Tax Credit has that has been instrumental in attracting world-class companies like Schott Solar to New Mexico. A similar federal credit would facilitate their expansion and create new high-wage jobs.

Very recently, we have heard from some utility-scale renewable energy developers active in New Mexico that the recession has reduced the appetite of companies for tax credits which has made financing these projects more challenging. Please take this into consideration when determining how best to incentivize additional renewable energy production.

Investing in workforce training for the green jobs of the future
A Green Jobs Partnership is forming in New Mexico to ensure that our state has the prepared workforce it needs for a low-carbon economy. Leveraging the investment and learning from the federal WIRED grant that the state received, this Partnership will expand this model and adopt it statewide. New Mexico plans to meet the needs of employers by providing a workforce with nationally recognized certifications like WorkKeys, MSSC-Certified Production Technicians, NABCEP certified solar installers and certified wind technicians. Our state colleges will also work to develop customized training programs for employers on a just-in-time basis.

In order for New Mexico to truly benefit from the jobs created by a federal stimulus package, a proportional federal investment in workforce training will be needed. Furthermore, the creation of a national Green Jobs Corps would help to expose our young people to these jobs of the future and provide them with needed skills and experience.

Invest in renewable energy, biofuels, and low-carbon research & development
Congress should support a substantial long-term federal investment in basic and applied research and deployment of renewable energy, biofuels, and low-carbon technologies. New Mexico's labs and universities are well positioned to participate in this research.

New Mexico looks forward to working with you to ensure federal investments have a maximum positive impact on New Mexico's economy and our nation's energy independence. Brendan Miller from the Economic Development Department would be pleased to answer any follow-up questions from your staff (505-827-0288). Thank you again for your leadership at this important time.

Sincerely,

Fred Mondragón
Cabinet Secretary
New Mexico Economic Development Department

CC: Senator-Elect Tom Udall

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