

Appendix B
Analysis Request Letter

EDWARD J. MARKEY, MASSACHUSETTS
CHRISTOPHER MURPHY, CONNECTICUT
PAUL BLUYERBAUER, DELAWARE
JIM INLICE, WASHINGTON
JOHN E. LARSON, CONNECTICUT
HELEN L. BOJIS, DELAWARE
STEPHANIE HOPKINS-SANDHU, SOUTH CAROLINA
DWAYNE CLEAVER, MISSOURI
JOHN J. HELL, NEW YORK
JERRY ANCHERIK, CALIFORNIA



R. JAMES PEARSON, ARIZONA
JOHN R. SHADLOCK, ARIZONA
SARA AND TPA, OREGON
CHRISTOPHER MILLER, MISSISSIPPI
JOHN D. HALL, OKLAHOMA
VANESSA E. ACEROLA, TEXAS

**Select Committee on
Energy Independence and Global Warming
U.S. House of Representatives**

February 25, 2009

Mr. Howard Gruenspecht
Acting Administrator
Energy Information Administration
1000 Independence Ave. SW
Washington, DC 20585

Dear Mr. Gruenspecht:

As Congress considers proposals to increase the nation's energy independence and reduce the environmental impacts of energy production and use, Congressman Todd Platts and I recently introduced the American Renewable Energy Act (H.R. 890), which would establish a national Renewable Electricity Standard (RES). This legislation requires that an increasing percentage of the electricity supplied by certain electric utilities to consumers be generated from renewable resources. A copy of the bill is attached.

A national RES has passed both the House of Representatives and Senate on multiple occasions in previous Congresses. The Energy Information Administration has analyzed several of those earlier iterations, and I am requesting that you conduct a similar analysis on RES legislation that I recently introduced. The primary elements of this proposal include:

- The entities subject to the RES include electric service providers that sell electricity to retail consumers. Electric service providers with sales less than 1,000,000 megawatt hours per year are exempt.
- The base against which the renewable requirement is calculated is defined as all electric utility retail sales in a given calendar year, excluding electricity generated by existing hydroelectric facilities and by combustion of municipal solid waste.
- The definition of renewable energy is electricity generated at a facility that uses solar, wind, marine or hydrokinetic, geothermal, biomass, landfill gas, or qualified incremental hydropower.
- The RES includes a credit system in which one credit will be distributed for each kilowatt hour (kWh) of electricity generated from eligible resources. Electricity from qualified distributed generation receives 3 credits per kWh. (Distributed generation is defined to include any facility that generates electricity primarily for consumption at or near the facility site, is not greater than 2 megawatts in

capacity, and does not rely on combustion to generate electricity.) Credits can be traded or banked for up to 3 years for future use.

- Compliance can alternatively be achieved through a payment equal to the lesser of 200 percent of the average market value of a credit from the previous year or at an inflation-adjusted rate of 5 cents per kilowatt hour.
- The required annual percentage of renewable generation is:

2012.....	6.0 %
2013.....	6.0 %
2014.....	8.5 %
2015.....	8.5 %
2016.....	11.0 %
2017.....	11.0 %
2018.....	14.0 %
2019.....	14.0 %
2020.....	17.5 %
2021.....	17.5 %
2022.....	21.0 %
2023.....	21.0 %
2024.....	23.0 %
2025-30.....	25.0 %

- Although the first official compliance year is 2012, please ensure a smooth and gradual ramp-up of renewable electricity generation in years 2010 and 2011 to reflect the early preparation that electric providers will likely undertake. In addition, while the compliance targets stair step in order to provide additional flexibility, please ensure a smooth ramp up of renewable generation in your analysis, in order to better reflect the likely schedule of actual deployment.

In your analysis of this proposal, I ask that you specifically address:

- The impact on deployment of renewable energy technologies in terms of both type and scale, as well as the change in total generation mix to determine what resources renewable energy is displacing.
- The annual impact on electricity and natural gas prices throughout the forecast period, as well as the cumulative difference in consumer expenditures on natural gas and electricity through 2020 and 2030 compared to a business-as-usual baseline.
- The impact of the proposal on total U.S. greenhouse gas emissions and on power sector greenhouse gas emissions.
- The feasibility of achieving renewable targets and the anticipated use of the alternative compliance payment.

In addition, I request that your analysis include "sensitivity runs" that take account of certain important variables, including the following:

- more optimistic assumptions for renewable energy technologies, for example by using EIA's high renewable energy/low cost case assumptions;
- assuming more pessimistic assumptions for fossil fuels and nuclear, for example by using EIA's high plant cost and high energy price case assumptions; and
- including a price for greenhouse gas emissions based on future adoption of national cap-and-trade policy and existing State and regional policies, for example by using prices from one of EIA's recent analyses of legislation considered by the Senate in the last Congress.

Thank you for your attention to this matter. I ask that my staff be briefed prior to the release of information. Should you or your staff have any questions, please have your staff contact Jonathan Phillips with the Select Committee staff at (202) 225-4012.

Sincerely,


Edward J. Markey
Chairman