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Media contact:

Lewis Milford, Clean Energy Group
LMilford@cleanegroup.org

Ph: 802-223-2554
Cell: 802-238-4023

**Congress Should Support State-Based
“Clean Energy Federalism” in Climate and Energy Legislation,
According to New Report**

Montpelier, Vermont – April 7, 2010 – In any new climate or energy legislation, Congress should create a new initiative called “Clean Energy Federalism” – a stronger federal and state partnership to expand support for state efforts to fund and deploy clean energy technologies, according to a new report released today by Clean Energy Group (CEG), a national nonprofit organization. The report, *Federal Climate and Energy Legislation and the States: Legislative Principles and Recommendations for a New Clean Energy Federalism*, is available at http://www.cleanegroup.org/Reports/CEG_Clean_Energy_Federalism_v3_April2010.pdf.

The report recommends specific legislative actions that **expand support for states, create new financial mechanisms** to scale up clean energy technologies, and **require the federal and state governments to pursue modern technology innovation strategies** used by global corporations to create technological breakthroughs. These actions would build on progress states have made over the past decade to support clean energy technologies, including funding over 52,000 renewable energy projects with an investment of over \$1.9 billion in public funds, which have leveraged over \$10.1 billion in other capital.

“States historically have led the way with strong clean energy policies that create economic growth from the bottom up,” said Lewis Milford, president of CEG and the lead author of the report. “Any new legislation should give states more funding for renewable projects and to grow their clean energy workforce. Congress should start to treat clean energy like traditional infrastructure such as roads and bridges, by providing sustained and predictable funding to states through a new federal and state technology development partnership.”

The report makes several legislative recommendations, including the following:

1. Legislation should provide new funding to allow states to implement a portfolio of innovative clean energy financing programs, and to employ new strategies for technology innovation and commercialization.

2. New collaborative technology project partnerships between the Department of Energy (DOE) and the states should be established to encourage more joint demonstration funding and joint procurement of emerging clean energy technologies.
3. Funding should be directed toward more higher-risk, breakthrough clean energy projects to overcome the conventional “valley of death” commercialization problem, including the creation of a Federal Risk Management Authority to underwrite insurance to warrant the operating performance of new technologies.
4. The DOE loan guarantee program should be extended and implemented, in part, through new, state-based lending authorities for clean energy or through state development agencies that are knowledgeable about regional market opportunities.
5. The U.S. government ownership of stocks in distressed banks should be used, if sold at a profit like the proposed returns from Citi, to seed endowment funds for clean energy investment, a strategy used in Europe to fund social innovation from government spin-offs of public investment in floundering industries.
6. There should be a federal policy to encourage experimentation with new forms of technology innovation across all federal agencies, including creation of a DOE Office of Technology Innovation, to ensure that new strategies for innovation drive all key federal low-carbon technology programs.
7. Consistent with a recent White House memorandum from the Office of Management & Budget, climate and energy legislation should create and fund independent technology innovation “hubs” or distributed innovation initiatives to bring all players in the value chain together to work on specific clean energy technology areas and to focus on product development in short time frames.

All these tools and strategies are needed if the U.S. is to address climate change and clean energy security in an effective way that taps the potential of technology innovation and the critical role of states in building a clean energy economy.

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Clean Energy Group (CEG), a national U.S. nonprofit organization, promotes effective clean energy policies, develops low-carbon technology innovation strategies, and works to develop new financial tools to stabilize greenhouse gas emissions. CEG concentrates on climate and clean energy issues at the state, national and international levels, as it works with diverse stakeholders from governments as well as the private and nonprofit sectors.