



Electric Power Supply Association

*Advocating the power of competition*

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John E. Shelk  
President and CEO

June 15, 2007

The Honorable John D. Dingell  
Chairman, Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Rick Boucher  
Chairman, Subcommittee on Energy and Air Quality  
2187 Rayburn House Office Building  
Washington, DC 20515

Dear Chairmen Dingell and Boucher:

Thank you for your letter dated May 24, 2007. The Electric Power Supply Association (EPSA) appreciates the opportunity to respond to your request for comments on the detailed questions about portfolio standards raised in your letter.

EPSA is the national trade association that represents competitive power suppliers, including generators and marketers. The competitive sector operates a diverse portfolio of technologies that represents 40 percent of the installed electric generating capacity in the United States. As an association of geographically and fuel diverse member companies, we do not have a specific position on portfolio standards. However, competition in the electric power industry promotes increased efficiency and technological innovation – both of which are critical to addressing clean energy needs. Our members produce electricity from biomass, coal, geothermal, hydro, landfill gas, natural gas, nuclear, solar, waste energy and wind. We believe that each of these fuel sources has an important role to play in meeting future electricity needs while achieving the nation's environmental goals.

Competitive wholesale electric markets encourage the creation of clean energy resources. Competitive markets provide the best environment in which to develop and deploy new technologies, including renewable technologies. We have seen greater development of renewable energy in areas with well-structured regional wholesale electricity markets than outside of them – for instance, approximately 73 percent of installed wind capacity is in market regions, while only 44 percent of the wind energy potential is found in these areas.

Many of our members operate in states which have renewable portfolio standards in place, and they have learned lessons from these experiences. Should Congress decide to adopt a portfolio standard it should include the broadest possible range of renewable resources. Congress should not choose winners and losers among renewable energy technologies, and power generation from existing facilities should be eligible to meet a standard. Any portfolio standard should also include credit trading opportunities in a national market in order to meet any federal standard with the most efficient and economical resources. In response to one of your questions, we believe a standard should be set at the end-use customer level, not at the wholesale market level, in order to provide easier implementation. EPSA is also very supportive of the extension and expansion of the Section 45 production tax credit for renewable electricity.

Please feel free to contact me or my staff if you have any questions. We look forward to working with you to help meet America's energy challenges.

Sincerely,

A handwritten signature in black ink, appearing to read "John Shelk". The signature is fluid and cursive, with a large initial "J" and "S".

John E. Shelk  
President and CEO, EPSA

cc: The Honorable Joe Barton, Ranking Member  
Committee on Energy and Commerce

The Honorable J. Dennis Hastert, Ranking Member  
Subcommittee on Energy and Air Quality