

Testimony of State Senator Dina Titus on Renewable Energy

House Subcommittee on Energy and Minerals Field Hearing

Reno, Nevada, April 29, 2006

Good morning. I am State Senator Dina Titus and I want to thank you for allowing me to speak on this important issue critical to our state's and our country's future.

I have been promoting the development of renewable energy in Nevada for more than a decade. As a member of the Nevada Legislature, I have introduced successful legislation creating tax incentives for development of renewable energy; legislation establishing net metering, allowing consumers to install their own solar generation systems and sell power back into the utility grid; and legislation prohibiting local governments from restricting residential solar-powered systems. I also have been a strong proponent of Nevada's Renewable Portfolio Standard, requiring electric utilities to produce an increasing amount of their power from renewable sources – 20 percent by the year 2015. For a very long time, I have believed that development of Nevada's rich store of geothermal, solar and wind resources can play a major role in producing cleaner, more affordable power not only for Nevada but for the nation.

At the outset, I must tell you that I fundamentally disagree with the overall direction of the Energy Policy Act passed by Congress and signed by President Bush last year. HR 6 did not impose tougher fuel economy standards on automakers – something that is clearly needed in light of gasoline prices that now exceed \$3 per gallon and are expected to keep rising. It did nothing to reduce greenhouse gas emissions such as carbon dioxide that we all know or should know are contributing to global warming and climate change, threatening our way of life as we know it. It did nothing to ensure that MTBE in our groundwater will be cleaned up, and in fact ensured that makers of MTBE could not face product liability suits in local courts. It did nothing to require electric utilities to produce more power from renewable energy sources. The legislation did, however, provide billions of dollars in tax breaks to oil and gas companies, utilities and other energy companies to continue producing energy from traditional fossil fuels -- \$2.9 billion in credits for investment in coal-burning technologies, \$3.1 billion in tax incentives for electric utilities and nearly \$1 billion in tax credits for oil and gas companies to help cover their exploration costs.

While much of the Energy Policy Act was about sustaining the energy business as usual, there are parts of it I believe can be leveraged to refocus and redouble our efforts to make renewable energy a mainstay of how we produce and use energy in American life. That is what I want to emphasize today – how we can use parts of HR 6 to begin blazing a trail toward a new energy future -- and how Nevada can play a major role in that quest. I believe Nevada can be a showcase for the nation in demonstrating how renewable energy can supplant traditional fossil fuels.

Eighty-seven percent of Nevada is land owned and managed by the federal government. One of the provisions of the Energy Policy Act requires the U.S. Department of the Interior to open up more federal land to competitive bidding and leasing for development of geothermal energy. Given that Nevada has the largest geothermal resources in the nation – enough to power the entire West in fact – I believe there is an opportunity for the state and the BLM to work together to identify the most promising areas of geothermal development and expedite their production.

In promoting development of innovative energy production facilities, the Energy Policy Act provides loan guarantees of up to 80 percent of these facilities' costs. I believe these loan guarantees could be an effective tool in creating incentives for renewable energy developers to take advantage of Nevada's renewable resources, creating new jobs both in construction and supply of renewable energy facilities.

The Energy Policy Act also sets aside \$2.2 billion in fiscal 2007 through 2009 for research on renewable energy technologies. Recently, I proposed partnerships between Nevada's university research facilities, such as the Desert Research Institute, and private renewable energy developers to find ways to lower the cost of producing power from renewable energy sources. With Nevada's abundance of geothermal, solar and wind resources, it would make sense for the federal government to tap into both the technical expertise and field opportunities that exist here to further national research initiatives on renewable energy.

At the consumer level, the Energy Policy Act provides for a \$3,000 rebate to homeowners who install renewable energy systems such as solar panels in their homes. Again, based on the support for my "net metering" legislation in 1997, I believe many Nevadans would be receptive to participating in this program if it is made available to them.

Earlier, I mentioned Nevada's Renewable Portfolio Standard, which is among the most stringent in the nation. Unfortunately, just as Congress last year did not require electric utilities to produce more power from renewable energy sources, the Nevada Public Utilities Commission has been lax in enforcing the state's standard. In fact, no large wind or solar commercial-scale renewable energy project has come on line as a result of that standard. That is tragic, because the Energy Policy Act did not extend the production tax credit – one of the biggest incentives for developers of alternative energy – for solar-powered plants, although the production tax credit for new geothermal plants was extended through 2007. That is all the more reason for Nevada, working with the federal government, to quickly move forward to site and develop geothermal plants that hold the promise of producing clean, economical power for our needs and potential energy export to other western states. I also hope that Congress will revisit the production tax credit issue and make it more widely available into the future.

In closing, let me say we have a unique opportunity here in Nevada to show that renewable energy can work. It can be an alternative to coal plants that foul our air, to natural gas plants that are driving up utility bills, and to a new generation of nuclear power plants being underwritten by \$1.25 billion in the Energy Policy Act. We can do better for our environment and our consumers – and Nevada can show the way.