



For immediate release
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Contact: Pahl Shipley
(505) 476-2282

Governor Bill Richardson Protests Changes to DOE Guidelines for “Smart Grid” Competitive Grants

Urges DOE Secretary Chu to scrap requirements that would limit project size and viability & would place unreasonable financial burdens on states

SANTA FE---Governor Bill Richardson’s office today released a letter the Governor sent to US Department Energy Secretary Steven Chu protesting critical changes to the proposed requirements for competitive grants for so-called Smart Grid technology. The new guidelines would severely reduce the amount of funding available to states through the grants, which were created as a result of the American Recovery and Reinvestment Act. The rules would also restrict the size and scope of proposed projects, and require states that have already been hit hard by the current recession to come up with matching funds as high as 50%.

Governor Richardson also sent copies of the letter to members of New Mexico’s Congressional delegation, and asked for their support. The US Department of Energy is accepting comments on the guidelines until May 6.

Here is the text of the letter:

Dear Secretary Chu:

The U.S. Department of Energy recently released a set of proposed guidelines for grant applications under the *American Reinvestment & Recovery Act of 2009* for ‘Smart Grids’ across the U.S. I am writing to express my concern with the guidelines on three specific points.

The first is project size. To develop a modern, well-functioning grid, the United States will require varied demonstration plants capable of integrating technologies and modeling actual mixed use. To get to that stage will require considerable modeling and simulation, costing millions, and extensive testing of the theories in practice. Many technologies, and not just wind and solar, must be merged together in a series of microgrids that will reflect the actual demands placed on them by energy companies and users. The projects must be

larger, in the hundreds of millions, not tens of millions of dollars. Otherwise, I do not believe that we will create a synergy among smaller-to-larger high tech businesses, nor will you attract the diversity of capital necessary to make long-term stakeholders of an industry that demands national, scalable and replicable solutions.

Point two is the local matching requirement of 50%. This figure is excessive even in the best of times let alone now when so many states are barely meeting their own obligations. The same is true of private industry's financial position. If left to stand, this matching requirement would *clearly disadvantage states with great potential but without significant reserves to commit to such projects*. Fewer well-financed projects will not automatically trump those offering more potential. This requirement must be revised dramatically downwards.

The third area is total project integration. By allocating so little of the \$4.3 billion for actual Green Grid-related integrated technology, it may not be possible achieve the expected return and not take our renewable technologies to the next commercial level. I believe that the separation of project technology (allocating such vast sums for equipment like smart meters, for example, instead of investing in whole solutions) ensures that the projects will be firewalled instead of achieving a truly interoperable solution for the Nation. The inherent cost inefficiency in these guidelines must not be allowed to be institutionalized into the single most important energy project of our generation.

New Mexico has aggressively planned for the eventual augmentation of its traditional energy sources. As a net oil exporting state, we realized long ago that oil's days are numbered, global warming is an imminent threat, and the costs of cleaning up our environment will only increase over time. That's why I committed New Mexico to a new path towards renewable clean energy and lower emissions from traditional energy sources. This is a commitment I intend to honor, and it has been echoed in the fine work done on renewable energy by our two outstanding national labs. Together with our business and venture capital community we are perfectly poised to submit a comprehensive proposal that could well be the model for the nation's new Green Grid architecture. I say this on the basis of facts. We have invested in eight months' of work by sixty professionals and millions of dollars in supercomputing capability that underpins a New Mexico proposal. This investment has created enormous enthusiasm with our utilities and renewable energy companies and from the IT community, especially our New Mexico Computing Applications Center that is ready to begin modeling the systems and technologies that would comprise the Green Grid.

I am not exaggerating the potential harm that could be done to America's Green Grid if these current guidelines are left standing only ten days from now when the official comment period ends. I ask you to reconsider them and revise them along the lines of my comments.

Sincerely,
Bill Richardson
Governor of New Mexico

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