November 16, 2010

The Honorable Harry Reid
U.S. Capitol
Washington, DC 20510

The Honorable Mitch McConnell
U.S. Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
U.S. Capitol
Washington, DC 20510

The Honorable John Boehner
U.S. Capitol
Washington, DC 20510

Dear Leaders:

As business leaders committed to the growth of our country's Innovation Economy, we have written you in the past urging the enactment of a Clean Energy Deployment Administration as the ultimate and uniquely American solution to the problem of financing the commercial scale-up of energy innovations in the United States. But today we write to you, in addition to President Obama and Vice President Biden, to voice our strong opposition to any attempts to dismantle the only currently available mechanism to achieve the same objective – the Department of Energy's (DOE's) Loan Guarantee Program (LGP). The program, originally authorized on a bipartisan basis as part of the Energy Policy Act of 2005 and funded in multiple subsequent appropriations bills as well as the American Recovery and Reinvestment Act, remains the key Federal mechanism now available to help transition U.S. energy technologies to commercial scale.

The recent suggestion that the Administration may once again consider raiding the coffers of the LGP, this time to bank-roll short-term extension of the Recovery Act's "1603" grants-in-lieu-of-tax-credit program, appears to be founded on a tenuous understanding of the technical and financial hurdles associated with deploying an array of innovative energy technologies in domestic markets. In short, the choice between 1603 and LGP funding is simply a false one. It ignores the real-world challenges facing stakeholders large and small, as it relates to taking to scale the technologies that will help bolster U.S. energy security and mitigate greenhouse gas emissions. The 1603 grants are inherently about deployment whereas the LGP can and should be focused more on manufacturing, which is critical to our competitiveness. Deployment alone will not grow the domestic industry; rather, these two programs must go hand-in-hand and that will result in the greatest long term return for our economy. Likewise, such a suggestion appears wholly out of step with global developments, in which many of our competitors abroad, most notably China, are moving aggressively to establish leadership across key energy technologies through a combination of equity investment, debt financing, tax benefits and market-making policies.

We view moves to dismantle or de-fund the LGP as something akin to unilateral disarmament at a time when the race is unequivocally on to establish leadership in markets for these key energy technologies.

To the contrary, the LGP was designed to help leverage the private sector to provide debt financing for taking energy innovations to scale in the U.S. Whether helping finance the latest in clean coal or energy storage innovations, the over-arching purpose of the program is to help technologies bridge the so-called valley of death, where private financing may be so costly or non-existent as to preclude them from reaching the market place. Reaching the commercial market, in turn, is key to creating thousands of jobs and securing the domestic supply chain for critical components and materials that will power the industries of the next century.

Without a doubt, the LGP remains in need of certain programmatic reforms that can provide additional transparency for project applicants and U.S. taxpayers alike. We understand that the process involving DOE and other Federal agencies responsible for designing those rules has resulted in insufficient progress to date. However, given the program's importance to U.S. competitiveness in emerging energy markets, we believe a fresh attempt and new urgency among the principals is warranted, and stand ready to assist in any such efforts.

Sincerely,

Mark Heesen
President
National Venture Capital Association

Ray Ramsey
President
TechNet

Bruce N. Anderson
President
Wilson Solarpower Corporation

Conrad Burke
CEO
Innovalight, Inc.

Richard Canny
Vice Chairman
Think North America Inc.

Joseph Carr
CEO
Semprius, Inc.

Matthew Commons
CFO
FloDesign Wind Turbine Corporation

Jack Crawford Jr.
General Partner
Velocity Venture Capital

John P. DeVillars
Managing Director
BlueWave Capital LLC
TRC Companies Inc

L. John Doerr
Partner
Kleiner Perkins Caufield & Byers

Ira Ehrenpreis
General Partner
Technology Partners

David Eichinger
CFO
Accelergy Corporation

Luka Erceg
President and CEO
Simbol Materials

Rick Feldt
President & CEO
Advanced Electron Beams, Inc.

T.Joseph Fisher, III
CEO and President
Contour Energy Systems, Inc.

Daniel P. Goldman
Co-Founder and Managing Partner

Clean Energy Venture Group

Joshua Green
General Partner
Mohr Davidow

Jason Hartlove
CEO
Nanosys, Inc.

John P. Harper
Principal
Birch Tree Capital, LLC

Michael Knapp
CEO
Cambrios Technologies, Inc.

Boris Lipkin
Chief Executive Officer
Teos

James D. Marver
Co-Founder & Managing Partner
VantagePoint Venture Partners

Jim Mahoney
Chief Executive Officer
Novomer Inc.

Donald C Naab
President and Chief Executive Officer
Danotek Motion Technologies

Ullas Naik
Managing Director
Globespan Capital

Robert Nelsen
Managing Director
ARCH Venture Partners

Arati Prabhakar
Partner
U.S. Venture Partners

Christopher Poirier
CEO
CoalTek, Inc.

David Prend
Managing General Partner
RockPort Capital Partners

R. Michael Raab
President
Agrivida, Inc.

Ruben M. Serrato
Venture Partner
TEL Venture Capital, Inc.

Faysal Sohail
Managing Director
CMEA Capital

Mike Splinter
CEO
Applied Materials

Dan Squiller
CEO
PowerGenx Systems, Inc.

Alex Tkachenko, Ph.D.
President
Siluria Technologies, Inc.

Peter N. Vicars
Founder and CEO
Heavy Lift Systems LLC

CJ Warner
CEO
Sapphire Energy Corp.

Jim Weldon
CEO
Solar Junction Corporation

Ken Wilcox
CEO
Silicon Valley Bank

Jonathan Wolfson
CEO

Solazyme Inc.

John Woolard
President and CEO
BrightSource

Donald R. Young
President and CEO
Aspen Aerogels