



ENVIRONMENTAL
ENTREPRENEURS

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Members of the U.S. Congress
Officials of the U.S. Federal Administration

RE: Venture Capitalists and Investors Support the Lieberman-Warner Climate Security Act to Enhance the American Economy

Dear Members of Congress and the Administration:

As leaders in the American venture capital and investment community we urge the federal government to enact comprehensive federal policies to

- stimulate investment in the development and deployment of new American energy generation and efficiency technologies,
- liberate American businesses from unpredictable energy supplies and prices,
- promote the competitive advantages of the United States in global energy markets, and
- reduce global warming pollution on the scale and timeframe necessary to avoid the economic disruption threatened by climate change.

The Lieberman-Warner Climate Security Act (S. 2191) is the crucial economic policy signal needed to stimulate investment in America's low-carbon energy future. The result will be a surge of innovation in this nascent sector, reinvigoration of economic growth and job generation across the employment spectrum, and assurance that the U.S. will retain a leadership position in the global marketplace.

The Lieberman-Warner Climate Security Act creates:

- **A Mandatory Long-term Declining Carbon Cap**, requiring reductions that result in a 62-66% decrease in total U.S. emissions below 2005 levels by 2050. This will deliver the minimum emission reductions that scientists currently believe are necessary to avoid the worst global warming impacts and will promote the rapid growth of the American clean technology industry.
- **Economy-wide Coverage** – S. 2191 places a cap on 86% of U.S. emissions, including the petroleum, natural gas and electricity production sectors, providing businesses with the certainty needed to make long-term capital investments in cleaner facilities and new resource management and energy technologies.
- **Allowance Trading** – S. 2191 establishes an emissions tracking and monitoring system combined with a cap-and-trade system to create a carbon market. Entities within capped sectors may buy and sell allowances to encourage all cost-effective strategies to reduce emissions and stimulate deployment of low-carbon technologies, thus ensuring a growing market for innovations in energy efficiency and renewable energy generation.
- **A Low Carbon Fuel Standard (LCFS)** – S. 2191 includes a performance-based, technology-neutral standard for all transportation fuels. The LCFS will calculate the lifecycle carbon intensity of fuels (including the carbon emissions generated by the production and distribution of the fuel, not only at the point of use) and drive investment in the development of low-carbon renewable transportation technologies and fuels.

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Evidence that carbon policy serves as an economic stimulant already exists in California, where the state multi-agency Climate Action Team, led by the Secretary of CalEPA found that the California Global Warming Solutions Act of 2006, which requires emissions to be rolled back to 1990 levels by 2020, will increase Californians' income by about \$4 billion and create approximately 83,000 jobs.

Nationally, clean technology is now the fourth-largest and fastest-growing category of venture investment, with 2007 investment levels up 470% from 2004. In 2007 U.S. investment in cleantech reached \$3.75 billion, which will result in over 100,000 jobs over the life of the investments. **Investors believe in the enormous potential of this sector, but without the certainty of federal carbon policy, an increasing amount of U.S. investment dollars are going overseas where policies provide incentives for clean energy development and project installation.** In fact, the lack of carbon policy in the U.S. has caused the drain of many technologies first developed here to other countries, placing us in the unfortunate position of becoming importers of our own products.

The United States should be in the vanguard of the new global market for low-carbon, renewable technologies. Our industries are second-to-none in developing advanced products when the market conditions reward these investments. The Lieberman-Warner Climate Security Act will enhance economic certainty in a rapidly evolving, carbon-conscious global marketplace by creating a market for low-carbon technologies and promoting innovation, competitiveness and growth in the clean technology, manufacturing and energy sectors.

We urge Congress to pass the Lieberman-Warner Climate Security Act (S. 2191) to introduce mandatory carbon caps, enhance America's security, encourage business innovation and promote U.S. leadership in 21st-century clean technologies.

Sincerely,

The following 85 members of the venture capital and investment communities have signed this letter:

Daniel Abbasi (CT)

Director, MissionPoint Capital Partners

Jim Anderson

Foundation Capital

Greg Avis (CA)

Founding Managing Partner, Summit Partners

Jay Baldwin (MA)

Environmental Investment Banker, Wind River Capital Partners

Ron Bernal (CO)

Partner, Sequel Venture Partners

Tony Bernhardt (CA)

Physicist; Angel investor, Lawrence Livermore National Laboratory

Gino Borland (WA)

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