May 14, 2015

Dear Members of Congress,

I am writing to express deep concern with H.R. 1806, the America COMPETES Reauthorization Act of 2015, passed by the Science, Space and Technology Committee and expected on the House floor during the week of May 18th. This legislation undermines the landmark America COMPETES Act of 2007 by significantly diminishing funding for critical science and technology development.

Dedicated research and development (R&D) programs are necessary to foster scientific breakthroughs and to create innovations that improve quality of life. While global energy markets have become increasingly competitive, forcing businesses to offer higher quality goods and services at lower costs, private R&D investment in this sector has been stifled. The pharmaceutical and defense industries spend 20 and 11 percent of revenue respectively on conceiving next-generation medicines and technologies. The energy sector, by comparison, devotes less than one-half of one percent – making public sector backing vital in encouraging American entrepreneurship.

The COMPETES Act of 2007 and 2010 Reauthorization supported agencies and programs including the National Science Foundation and the Hollings Manufacturing Extension Partnership, which foster innovation by using public dollars to leverage private resources. Investments at these institutions combined with those directed to the National Laboratories and the Advanced Research Projects Agency-Energy (ARPA-E), help the U.S. take advantage of future economic opportunities. The enclosed research compilation *Federal Investment in Research and Development Spurs U.S. Competitiveness* further highlights how public-private collaboration are promoting the nation's economic leadership and assisting emerging energy sectors.

Pew research shows that nations that adopt long-term policies to attract more private investment in clean energy strengthen their competitive position in this growing global sector. Additional analysis revealed that in clean energy goods, the U.S. held a trade surplus over China in 2011 because of our ability to manufacture advanced and complex technologies. Passage of this legislation could mean that the U.S. loses its global competitive edge in the clean energy sector.

The economic opportunity offered by clean energy is impressive. Over the next 25 years, global electricity demand will grow by nearly 50 percent, mostly in emerging markets around the world. Experts estimate that by 2030 $7.7 trillion will be invested in the power sector, 65 percent of which will be renewable electricity generation. This growing sector is a tremendous opportunity for American entrepreneurs and businesses.

However, instead of capitalizing on this opportunity to lead global clean energy markets, H.R. 1806 would authorize funding levels nearly 30 percent less than FY15 appropriations for renewable power R&D programs at the Department of Energy as well as halve ARPA-E's funding – creating additional hurdles for high-risk, often early stage, projects to make their way to the marketplace. The legislation would also eliminate DOE's authority to fund advanced biofuel technologies for military use through an existing agreement between the Department of Agriculture and Department of Navy.

We urge you to vote no on H.R. 1806 when it comes to the House floor. Pew looks forward to working with you and other Members of Congress to enact policies that encourage innovation and place the U.S. on a pathway to capture existing and future economic opportunities in the energy sector. If you have any questions or if Pew can be of any assistance please feel to reach me at PCuttino@pewtrusts.org or 202-887-8867.

Sincerely,

Phyllis Cuttino
Director, Pew Clean Energy Initiative