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MASSACHUSETTS

UNITED STATES SENATE
WASHINGTON, DC 20510-2103

December 18, 2009

The Honorable Timothy F. Geithner
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, SW
Washington, DC 20220

Dear Mr. Secretary,

I am writing to share with you a concern that may threaten a great deal of the good work being carried out under the American Recovery and Reinvestment Act. My As you know, when Congress and the Administration negotiated over mechanisms to support the development of renewable energy in the debate on the Act, they agreed to transform an investment/production tax credit program into a direct grant program, because the recession had undermined the utility of the tax credits and a more robust federal approach was needed.

To my knowledge, no serious safeguards or guidelines to protect taxpayer dollars were a focus of the negotiations. With no caps or criteria established to determine the maximum amount of cash grant assistance that a company could obtain from the Treasury, it is conceivable that an individual company could receive checks from the federal government for \$100 million, \$200 million, or even greater amounts, while its owner or executives lavish exorbitant compensation packages on themselves. Should this occur, the American people's support for public investment in renewable energy development may well vanish.

Another great cause for concern is that the Treasury program, as I understand it, appears to permit the expenditure of hundreds of millions of dollars of taxpayer money to build these projects overseas. Because the rationale passing the Act was to promote job creation in the United States, I think the American people will have a great deal of trouble accepting the use of hundreds of millions of their "stimulus" dollars to support the creation of manufacturing jobs abroad when we need these jobs at home.

The Treasury has already provided \$1 billion in such grants and intends to provide several billion more, even though initial estimates suggested that the program would cost the Treasury only "\$5 million over 10 years." Such estimates seem to have failed to anticipate the demand that private entrepreneurs would generate once it became known that cash grants of unlimited size would be available to renewable energy developers.

I am certain that this well-intended program can be shaped to serve as an incentive to support renewable energy projects across our country that create good-paying American jobs in emerging new industries - goals we share. My concern is that we have in place prudent guidelines to avoid abuses and embarrassments as we go forward to fulfill the important mission of the Act.

I look forward to your reply and to seeing how Congress and the Treasury can prevent taxpayers' dollars from being wasted as we work to expand renewable energy throughout the United States.

With respect and appreciation,
Paul G. Kirk, Jr.