



CALPINE CORPORATION

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February 29, 2012

The Honorable Jeff Bingaman
Chairman, U.S. Senate Committee on Energy and Natural Resources
United States Senate
Washington, DC 20510

Dear Chairman Bingaman:

Calpine is a national leader in clean power generation, providing nearly 28,000 megawatts of electricity generated from the largest and most modern fleet of low-carbon, combined-cycle natural gas-fired power plants, and from the largest source of renewable geothermal power. We have been a leader in supporting responsible environmental legislation and regulations at the state, regional, and national levels. We also have been and continue to be committed to generating electricity from the cleaner, more efficient energy resources.

With respect to your proposed Clean Energy Standard Act of 2012 ("CES"), Calpine believes that, if a CES is needed to assist in moving the nation towards a cleaner energy economy, it must employ specific mechanisms in order to deliver meaningful benefits and meet its stated goals. First, it should be defined sufficiently broadly to encompass all low GHG emissions resources, including efficient natural-gas fired power plants and combined heat and power plants. It must set reasonable interim targets and timetables to provide incentives for early and steady investments in existing and new clean energy resources. Cost control mechanisms, such as alternative compliance payments (ACP) and banking, should be included to lessen the economic impact on regulated entities and consumers. Additionally, when setting the price levels for the ACP and CES credits, they should be set at a level sufficiently high enough to send a clear price signal to ensure regulated entities make needed investments in new, clean technologies. The Clean Energy Standard Act of 2012 addresses much of these criteria and marks a good framework for discussion should such legislation move forward.

We look forward to working with you as the discussion of this CES legislation progresses.

Sincerely,

Yvonne A. McIntyre
Vice President, Federal Legislative Affairs
Calpine Corporation