



March 18, 2019

The Honorable Mitch McConnell
Majority Leader, United States Senate
S-226 The Capitol
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader, United States Senate
322 Hart Senate Office Bldg.
Washington, DC 20510

The Honorable Chuck Grassley
Chairman, Senate Finance Committee
135 Hart Senate Office Bldg.
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member, Senate Finance
Committee
221 Dirksen Senate Office Bldg.
Washington, DC 20510

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Grassley and Ranking Member Wyden:

As businesses and organizations working in clean energy, we are writing to convey recommendations on energy tax measures currently pending before Congress.

Our companies and associations are working across the spectrum of clean energy technologies, including energy efficiency, natural gas, renewable energy, advanced transportation, and storage, among others. Our industries support over 3 million jobs across the country, many of those in manufacturing, and represent the major growth sectors of the U.S. energy economy.

We believe that to maintain a diverse portfolio of energy resources, energy tax measures should be structured such that benefits are provided to all qualifying technologies in accordance with the energy, environmental, and other public benefits they generate, and allow fuel sources to compete on an even playing field. Furthermore, consistent and predictable tax policy is fundamental to investment and job creation. Unfortunately, the energy tax landscape in recent years has been rife with uncertainty, due to numerous short-term extensions, expirations, and retroactive extensions of credits for a number of industries. This has put significant strain on our businesses, employees, and clients.

We urge Congress to advance the following energy-related tax measures in a tax extenders package to allow more projects to move forward, drive down costs for consumers, promote investment, and create jobs:

1. The "Renewable Electricity Tax Credit Equalization Act" would address inequities for certain renewable energy technologies including biomass, geothermal, landfill gas, waste to energy, hydropower, and marine and hydrokinetic energy. The §45(d) and §48 tax credits for these technologies have lapsed, while the credits for other renewable resources, such as wind and solar, received long-term tax extensions. Credits for these renewable energy technologies should be extended to provide parity for all sectors. Legislation was introduced in the House as H.R. 4137, by Rep. Elise Stefanik (R-NY) in the 115th Congress.
2. The Energy Storage Tax Incentive and Deployment Act would clarify that energy storage (i.e., grid batteries, pumped hydro, compressed air/liquids, thermal storage) qualifies for a §48 tax credit as a stand-alone, eligible advanced energy technology. The legislation was introduced in the 115th

Congress by Sens. Dean Heller (R-NV) and Martin Heinrich (D-NM) as S.1868 and was introduced in the House as H.R. 4649 by Reps. Ryan Costello (R-PA) and Mike Doyle (D-PA).

3. Provide parity and accelerate the adoption of fuel cell electric vehicles and plug-in electric vehicles. Several bills were introduced in the 115th Congress, on both sides of the aisle, that would extend and/or modify the §30B, §30C, or §30D federal tax credits. Congress should strike to reach a compromise that continues to incentivize the purchase of plug-in electric and fuel cell electric vehicles, as well as the installation of alternative fuel refueling infrastructure.
4. The “Technologies for Energy Security Act,” introduced in the 115th Congress as S. 1409, specifically Sections 3(a) and (c), as well as S. 2256 in the 115th Congress, the “Tax Extenders Act of 2017,” specifically Sections 311(a) and (c), would allow commercial geothermal to qualify for the same §48 tax credit commercial solar can utilize. Absent this change, commercial geothermal is unable to compete on a comparable basis with commercial solar. S. 1409 also includes waste heat to power (WHP) while the House bill does not. S. 1409 should be the model for WHP language. The legislation has been introduced in the House as H.R. 1090.
5. Extend a range of energy efficiency-related tax credits, with certain updates and modifications to promote high-efficiency measures including the §179D Energy Efficient Commercial Building Tax Deduction (which promotes energy efficiency in commercial and multifamily buildings), the §25C Nonbusiness Energy Property Credit (which incentivizes homeowners for efficiency upgrades and equipment purchases such as weatherizing or installing new windows or more efficient heating and cooling equipment), and the §45L Energy Efficient Home Credit.
6. Amend the Production and Investment Tax Credits (§45 and 48) to allow for more efficient use of the credits. Credit refundability would ensure capital availability for clean energy projects and would result in some reduction in power costs for consumers. Alternative solutions such as PTC/ITC transferability to limited entities, if properly structured, would achieve similar goals. Tax credit transferability would allow developers to structure the financing of PTCs without relying on tax equity partnerships and their inherent tax accounting difficulties. By mitigating the additional challenges of the phase down in 2018 and 2019, project developers could continue to utilize the PTC to lower clean energy prices for consumers.

Thank you in advance for consideration of our views.

Sincerely,

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