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April 15, 2013

The Honorable Kevin Brady
 301 Cannon House Building
 The Honorable Mike Thompson
 231 Cannon House Building
 Washington, DC 20515

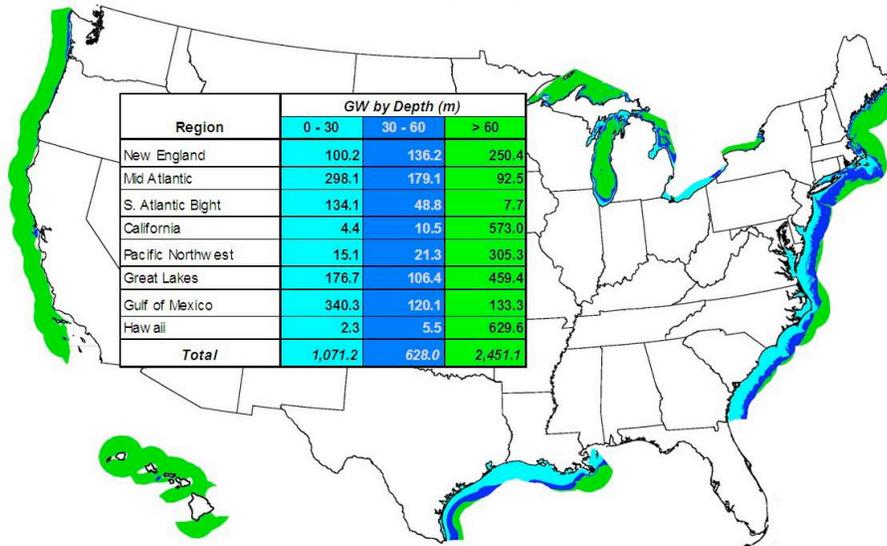
RE: House Committee on Ways & Means Energy Tax Reform Working Group

Dear Chairman Brady and Vice Chairman Thompson:

The Chesapeake Climate Action Network (CCAN) appreciates the opportunity to submit these comments for consideration by the House Committee on Ways and Means Energy Tax Reform Working Group. CCAN is a nonprofit organization dedicated to mobilizing public support in Maryland, Virginia, and Washington, D.C. for state, national, and international policies that address climate change and promote a clean energy economy. We would like to echo national groups such as Oceana and the Offshore Wind Development Coalition in respectfully urging the House Committee on Ways and Means to support a long-term extension of the Investment Tax Credit (ITC) for offshore wind energy.

An American offshore wind industry will offer immense benefits to the country and stable federal tax policy is the most critical component necessary for the industry to take-off. As you can see in the map below, the National Renewable Energy Laboratory (NREL) has identified substantial offshore wind energy potential off the coast of over 25 states and with as many as 8,000 components for each turbine, any state could benefit from the massive supply chain. Indeed, Germany is one of the world leaders in offshore wind power with substantial business and manufacturing activity for the industry on their coast as well as in the southern inland part of the country. A U.S. offshore wind industry will offer homegrown, job-generating, stable-priced, and pollution-free energy once it gets off the ground. Indeed, it is one of the nation’s most abundant energy resources by far.

Map of United States Offshore Wind Resource by Region and Water Depth (Courtesy of NREL):



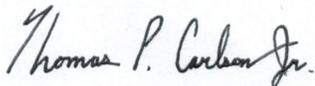
We respectfully request that the House Committee on Ways and Means support the offshore wind ITC policy proposed by Representatives Bill Pascrell (D-NJ) and Frank LoBiondo (R-NJ) in H.R. 924, the "Incentivizing Offshore Wind Power Act" (S. 401 in the Senate, introduced by Senators Tom Carper and Susan Collins). This legislation is modeled after a provision in the Energy Policy Act of 2005, wherein Congress created a long-term tax-credit that is limited to the first 6,000 MW of capacity for new nuclear power plants. Similarly, the investment tax credit proposed by H.R. 924 would be limited to the first 3,000 MW of capacity for offshore wind plants. The credits would automatically sunset once this level of capacity was reached and the offshore wind industry began to be established.

One of the biggest impediments to offshore wind development is financing. Offshore wind farms with their high capital costs and long lead times will be extremely difficult, if not impossible, to finance without more certainty about the applicability of the ITC to projects. Currently, the ITC for offshore wind is set to expire at the end of this year. The industry expects that at most 3 projects (two demonstration-size and one utility-scale) could potentially qualify. While this would represent significant progress and the birth of an industry, it is not enough to really put America in the game. Establishing an ITC for a fixed volume of initial projects will provide the tax certainty needed for developers to finance projects. Ensuring support for the first 3,000 MWs of U.S. offshore wind developed will allow for a robust industry to take hold and also set a clear limit on the policy's cost. With utility scale wind farm proposals ranging from 350 MW to 1,100 MWs, the industry expects this could support nine first-mover projects.

America cannot stand to cede the offshore wind industry to other countries and miss tens of thousands of jobs and billions in economic development. While no offshore wind turbines have been installed in U.S. waters to date, at the end of June 2012, the European Union had 56 operational offshore wind farms accounting for 4,336 megawatts (MWs) of generating capacity, with 3,239 MWs of additional capacity under construction according to the European Wind Energy Association (EWEA). China has installed 200 MWs so far and their energy plan calls for 30,000 MWs by 2020.

The U.S. Department of Energy (DOE) report, "National Offshore Wind Strategy: Creating an Offshore Wind Industry in the United States," found that we could generate 4 times the nation's current electricity from offshore wind power. By establishing a stable tax policy and extending the ITC for the first 3,000 MWs of offshore wind developed, a new and vital American industry will take off. We appreciate the opportunity to provide these comments to the Energy Tax Reform Working Group and we thank you for your consideration.

Sincerely,



Tom Carlson
Maryland Campaign Director
Chesapeake Climate Action Network