

April 15, 2013

Energy Tax Reform Working Group  
U.S. Congressional Ways and Means Committee  
Email: tax.reform@mail.house.gov  
Subject: Comments: Energy Tax Reform Working Group

Dear Energy Tax Reform Working Group:

On behalf of our members and supporters across the country, we urge you to renew critical clean energy tax incentives as soon as possible. Increasing energy efficiency and ramping up our production of clean, renewable energy are the best and fastest ways to cut dangerous pollution, keep Americans at work, and save consumers money on energy bills. Clean energy tax incentives are critical in order to provide certainty and stability for renewable energy growth. It is time to renew these cost-effective, proven provisions, and to keep tax legislation from being undermined by policy debates, or weakened by riders that are irrelevant, harm public health and the environment, and stand in the way of important investments that mean real jobs for real people.

Several clean energy tax credits expire at the end of this year, and while longer term solutions are necessary to provide certainty for renewable energy growth, the following provisions must be extended in a timely fashion this year in order to truly reap the benefits of renewable energy and energy efficiency to our environment and economy.

- **Section 45 Renewable Energy Production Tax Credit (PTC).** The PTC has been a critical tool to drive growth and leverage private sector investment in renewable energy. With the support of the PTC, wind energy now powers the equivalent of nearly 15 million homes in the United States and avoids as much global warming pollution as taking more than 13 million cars off the road each year. The price of wind has also dropped 90 percent since 1980. The PTC was renewed on the first of this year, yet is set to expire at the end of 2013, putting the future of wind growth in jeopardy.
- **Section 48 Investment Tax Credit for Offshore Wind Energy.** Offshore wind energy represents our largest untapped clean energy resource. Wind turbines off our coasts can harness fast wind speeds to power our homes and businesses with pollution-free energy and create new manufacturing jobs. However, there are still no operating wind facilities in US waters. Section 48 should be extended for offshore wind facilities up to the first 3,000 MW installed, as provided by the Carper-Collins (S. 401) and Pascrell-Lobiondo (H.R. 924) bills introduced in the Senate and House respectively. This credit, as tied to the PTC, is currently set to expire at the end of this year, before any offshore wind projects have been built.
- **Solar Investment Tax Credit (ITC) for residential (Section 25D) and commercial (Section 48) properties.** The solar ITC has fueled dramatic growth in solar installations and manufacturing capacity, while providing long-term certainty to the industry that has allowed costs to fall. The solar industry's 2012 market year-in-review report found that photovoltaic (PV) installations grew 76 percent in 2012, and that the United States accounted for 11 percent of all global PV installations in 2012, its highest market share in at least fifteen years. The solar ITC is in place through 2016, and it should be extended longer to ensure financing certainty to scale up solar power.
- **Section 48C Advanced Energy Manufacturing Tax Credit.** Created in 2009, this program leveraged \$5.4 billion in vital private investments in new, expanded, or re-equipped clean energy manufacturing projects throughout the country, boosting growth and creating thousands of new U.S.

manufacturing jobs by producing components and equipment for the burgeoning global renewable energy industry. We urge that Congress pass an additional allocation for 48C, so that we can continue to grow our domestic energy industry from the beginning to the end of the supply chain.

- **Section 45L Efficient New Homes Tax Credit.** Section 45L is highly successful incentive that has transformed the market for new energy efficient homes, but it is set to expire at the end of 2013. The incentive has saved homeowners significant money on their energy bills, enabling them to make ends meet during tough economic times. Congress should extend the credit for a longer duration than one year and add a tier for even higher efficiency homes that would expire after four years.
- **Section 45M Efficient Appliances Manufacturer Tax Credit.** Section 45M promotes the manufacture of high-efficiency appliances, including washers and refrigerators, and is set to expire at the end of 2013. Extending the incentive would not only save homeowners money on their energy bills, but also encourage domestic manufacturing of high-efficiency appliances. According to the Association of Home Appliance Manufacturers (AHAM), 40,000 jobs are affected by the Section 45M tax credit, which accounts for at least 17,000 direct manufacturing jobs and 23,000 jobs that support the manufacturing the affected products. Congress should extend certain tiers of the incentive in accordance with a 2010 agreement between domestic manufacturers and energy efficiency advocates.
- **Section 1603 Treasury Grant Program for Renewable Energy Projects.** The 1603 program has been a huge success in jumpstarting private financing for renewable energy projects and has played a vital role in renewable energy deployment. As of September 2012, the Solar Energy Industries Association estimates that awards to more than 44,000 domestic solar projects in all 50 states leveraged over \$7.17 billion in private sector investment. In addition, the Department of Energy's National Renewable Energy Laboratory's analysis estimates that up to 75,000 jobs were supported by renewable energy projects funded by the 1603 Treasury grant program.
- **Home Efficiency Improvement Tax Credit in the Cut Energy Bills at Home Act.** This bipartisan bill from the 112<sup>th</sup> Congress would establish a new tax credit for homeowners who make energy efficiency improvements to their homes. The incentive will enable homeowners to achieve deep reductions in energy use, while cutting pollution and saving homeowners money on energy bills.

Clean energy tax incentives are critical to reducing pollution that harms human health and the environment. Investing in energy efficiency and responsibly sited renewable energy also creates jobs, saves consumers money, and enhances our international competitiveness. Once again, we urge you to ensure the incentives described above are enacted, enhanced or extended as soon as possible this year.

Sincerely,

Margie Alt  
Executive Director  
Environment America