

December 13, 2013

Dear Senator:

The United States must continue to support a 21st century clean economy through the federal tax code. The stewardship of advanced industries ensures American leadership in clean energy, energy efficiency, and transportation sectors – creating and retaining good domestic jobs, reducing carbon pollution, and protecting public health. It is critical that the US expand the penetration of these industries through consistent federal policies and tax programs.

Repeated expiration and ambiguous regulatory signals force “boom and bust” cycles of activity, stunting the growth of the clean economy. International investment in clean energy continues to rise and renewables are projected to comprise 25% of gross power production globally by 2018.¹ Despite this confident growth, the United States is still experiencing direct job loss from the expiration of clean energy programs, particularly in American manufacturing.

We need consistent fiscal policies that expand a competitive 21st century clean economy, reduce pollution, and make good American jobs a national priority.

Deploy:

Key tax programs steward US advanced energy priorities. These provisions attract investment in new industries and remain important tools in scaling clean energy production, driving job creation throughout domestic supply chains, and lowering technology costs.

- The **Section 45 Renewable Energy Production Tax Credit (PTC) and the Section 48 Investment Tax Credit (ITC)** are vital to the development of wind, solar, biomass, and municipal waste resources, as well a stimulant for their associated domestic supply chains. In 2012 alone, nearly half of all new power generation capacity came from renewable sources, and over 110,000 jobs were announced in the clean energy sector.^{2 3} The past expiration of these programs led to a 73 to 93 percent drop in installations.⁴ These credits must be given long-term extensions, and begin when construction commences.
- The **Incentivizing Offshore Wind Power Act of 2013** (S.401/ H.R. 925), introduced in the Senate by Senators Carper (D-DE) and Collins (R-ME) and in the

House by Representatives LoBiondo (D-NJ) and Pascrell (D-NJ), would provide a 30% ITC to the first 3,000 MW of offshore wind energy placed in service. An Atlantic offshore wind industry could create over 120,000 job years in construction and component manufacturing, as well as harness the 1,300 GW of US renewable energy identified off the coast.^{5 6} Congress should pass this improvement to the offshore wind ITC to ensure we do not fall behind our global competitors in one of the most promising industries of the 21st century.

Build:

The domestic manufacture, construction, and maintenance of clean energy technologies ensure these new industries are harnessed for their full economic value. American supply chains and the nation's skilled workforce are a vital asset to a 21st century clean economy. The federal government must act to bring manufacturing back to the United States and incentivize industry to invest in American workers.

- The **48C Advanced Energy Manufacturing Investment Tax Credit** provides an investment tax credit for manufacturing facilities engaged in the clean energy industry. When introduced, the program oversubscribed by a ratio of over 3 to 1, and recently more funds were made available. The 48C program leveraged \$5.4 billion in private investment.⁷ The success of 48C is a clear indicator of an industry waiting to be unleashed. Congress should provide an additional \$5 billion in funding, catalyzing approximately \$17 billion in investment in American-made clean energy products.⁸

Manage:

Tax programs supporting improved energy and fuel management as well as efficiency technologies and products catalyze a more productive and more effective US economy. Unlocking energy efficiency across all sectors creates jobs, and reduces carbon pollution. Industrial efficiency alone can reduce consumption in the sector by 21% by 2020, saving \$47 billion per year.⁹

- The **Investment Tax Credit for Combined Heat and Power (CHP)** installations should be expanded by including a project's first 25MW, removing the current 50MW total size limitation, and including highly efficient Waste Heat Recovery (WHR) projects. The ITC should increase to 30% for CHP facilities achieving 70% efficiency, and highly efficient WHR.
- The **Section 179D Commercial Building Tax Deduction** encourages improved energy management in commercial and non-residential buildings. The commercial building sector represents 36% of total energy use in the United States.¹⁰ Retrofit construction and improved operations and maintenance practices create good jobs and reduce resource waste.

- The **Section 45L New Energy Efficiency Home and 45M Efficient Appliances Manufacturer Tax Credit** promote new, energy efficient home construction, and the domestic manufacture of efficient appliances. The program should be extended to retain the projected 40,000 direct and indirect jobs that strengthen the US manufacturing sector and reduce energy and water use.¹¹
- The **Section 30B(d)(2)(B) Credits for Hybrid Medium and Heavy-Duty Trucks** support the purchase of vehicles with hybrid engine technologies and other advanced vehicles critical to reducing carbon pollution in intermittent port, industrial, and urban activity.
- The **Section 132 Transportation Fringe Benefits** established parity between parking and transit/pooling benefits to encourage public transportation. This program expired in 2011 and should be reinstated.

Access:

Clean energy technologies attract considerable private sector investment. Applying new tools to open up capital from more diverse sources leverages greater financing at a lower cost. To compete globally, the US must increase available mechanisms for investment.

- Congress should enable clean energy projects to claim Master Limited Partnership (MLP) benefits. The MLP business structure allows smaller investments from public markets, and reduces the cost of financing by an estimated 50%.¹²

The BlueGreen Alliance urges Congress to provide support to these provisions consistently, and with longevity. A 21st century clean energy economy creates good American jobs, mitigates carbon pollution, and ensures the US remains secure and competitive.

Sincerely,



David A. Foster
Executive Director
BlueGreen Alliance

¹ International Energy Agency, "Renewable Energy Medium-Term Market Report 2013 Executive Summary." Accessed December 6, 2013. <http://www.iea.org/Textbase/npsum/MTrenew2013SUM.pdf>.

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- ² American Council on Renewable Energy, "Strategies to Scale-Up US Renewable Energy Investment." Accessed December 6, 2013. <http://www.acore.org/images/uploads/Strategies-to-Scale-Up-US-Renewable-Energy-Investment.pdf>.
- ³ Environmental Entrepreneurs, "2012 Clean Energy Jobs Year-in-Review and Fourth Quarter Review." Accessed December 6, 2013. <http://www.e2.org/ext/doc/E2CleanEnergy2012YearEndandQ4.pdf>.
- ⁴ Union of Concerned Scientists, "Production Tax Credit for Renewable Energy." Accessed December 6, 2013. http://www.ucsusa.org/clean_energy/smart-energy-solutions/increase-renewables/production-tax-credit-for.html.
- ⁵ IHS Inc., "Offshore Wind and Atlantic Wind Connection IHS Global Insight Study Findings." Accessed December 6, 2013. http://www.atlanticwindconnection.com/ferc/Oct2012/Handout_IHS_Study_Mid_Atlantic_Findings.pdf.
- ⁶ Bowes, Catherine, and Justin Allegro. National Wildlife Federation, "THE TURNING POINT FOR ATLANTIC OFFSHORE WINDENERGY: Time for Action to Create Jobs, Reduce Pollution, Protect Wildlife, and Secure America's Energy Future." Last modified September 2012. Accessed December 6, 2013. http://www.nwf.org/pdf/Reports/NWF_2012OffshoreWind_Final.pdf.
- ⁷ BlueGreen Alliance, "Advanced Energy Project Credit (Section 48C)." Last modified December 2011. Accessed December 6, 2013. <http://www.bluegreenalliance.org/news/publications/document/48C-Fact-Sheet.pdf>.
- ⁸ The White House, "FACT SHEET: President Obama's Blueprint to Support U.S. Manufacturing Jobs, Discourage Outsourcing, and Encourage Insourcing." Accessed December 6, 2013. http://www.whitehouse.gov/sites/default/files/whitehouse_files/fact_sheet.pdf.
- ⁹ BlueGreen Alliance, "Platform on Industrial Energy Efficiency." Last modified July 2013. Accessed December 6, 2013. <http://www.bluegreenalliance.org/news/publications/07082013-IndustrialEfficiency-vFINAL.pdf>.
- ¹⁰ U.S. Department of Energy, "About the Commercial Buildings Integration Program." Last modified July 05, 2013. Accessed November 6, 2013.
- ¹¹ American Council for an Energy-Efficient Economy, "Energy Efficient and Smart Appliance Agreement of 2010." Last modified August 2010. Accessed December 6, 2013. <http://aceee.org/files/pdf/presentation/appliance-efficiency-standards-agreement080310.pdf>.
- ¹² Mormann, Felix, and Reicher Dan W. Brookings Institute/ Steyer-Taylor Center for Energy Policy and Finance, "INVEST BUT REFORM Smarter Finance for Cleaner Energy: Open Up Master Limited Partnerships (MLPs) and Real Estate Investment Trusts (REITs) to Renewable Energy Investment." Last modified November 2012. Accessed December 6, 2013. http://www.brookings.edu/~media/research/files/papers/2012/11/13_federalism/13_clean_energy_investment.pdf.