

Congress of the United States
Washington, DC 20515

December 7, 2011

The Honorable John A. Boehner
Speaker of the House
H-232, U.S. Capitol
Washington D.C., 20515

The Honorable Nancy Pelosi
House Minority Leader
H-204, U.S. Capitol
Washington D.C., 20515

The Honorable Eric Cantor
House Majority Leader
H-329, U.S. Capitol
Washington D.C., 20515

The Honorable Steny Hoyer
House Minority Whip
H-148, U.S. Capitol
Washington D.C., 20515

Dear Speaker Boehner, Leader Pelosi, Leader Cantor, and Whip Hoyer:

We write to urge extension of the highly successful grant program for specified energy property in lieu of tax credits (the “1603 Treasury Grant Program”) before it expires on December 31, 2011. Since enactment, this program has leveraged more than \$22.8 billion in private sector investment for 22,000 projects across the clean energy industry, including solar, wind, biomass, fuel cells, combined heat-and-power, and hydro, in all 50 states. Extension of this successful and effective program will create jobs, spur economic growth, and promote private sector development of clean energy technologies.

Prior to the 2008 financial crisis, clean energy project developers primarily relied on tax equity partnerships with investors to utilize clean energy tax incentives. Since 2008, however, the availability of tax equity declined dramatically. According to a report issued by the Bipartisan Policy Center in March 2011, the number of tax equity investors shrunk by nearly half, with associated tax equity financing tumbling over 80 percent from \$6.1 billion in 2007 to \$1.2 billion in 2009. This decline severely limited the financing available for energy projects.

Congress enacted the 1603 Treasury Grant Program to restore the availability of financing for renewable energy projects and to create domestic jobs in a hard hit sector of the economy. Under the program, developers receive a federal grant in lieu of the tax credit—changing the timing of when the energy incentive can be claimed. This change in timing, however, provides the liquidity and funding needed to develop domestic energy projects. As a result, the program underpinned strong growth in the renewable energy sector during the current economic downturn.

Despite some improvement, the tax equity market is still unable to support the clean energy industry adequately. In July 2011, the U.S. Partnership for Renewable Energy Finance surveyed tax equity investors and found that expiration of the program would shrink the total financing available for renewable energy projects by 52 percent in 2012. Allowing the 1603 Treasury Grant Program to lapse would eliminate tens of thousands of jobs across all clean energy industries. Given the program's importance, as well as its proven record of success, we urge you to include its extension in any year-end legislation considered by the House.

Sincerely,



Earl Blumenauer
Member of Congress



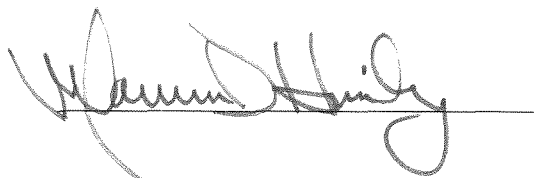

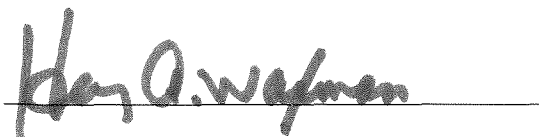
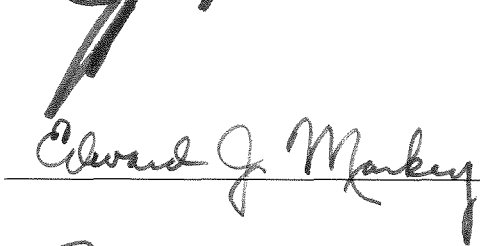
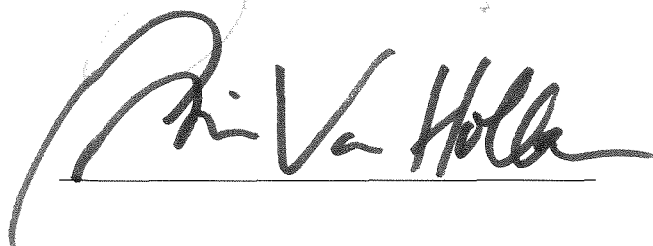

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CC: The Honorable Dave Camp, Chairman, House Ways & Means Committee
The Honorable Sander M. Levin, Ranking Member, House Ways & Means Committee