

United States Senate

WASHINGTON, DC 20510

November 29, 2010

The Honorable Harry Reid
522 Hart Senate Office Building
Washington DC, 20510

The Honorable Mitch McConnell
361A Russell Senate Office Building
Washington DC, 20510

The Honorable Max Baucus
511 Hart Senate Office Building
Washington DC, 20510

The Honorable Charles E. Grassley
135 Hart Senate Office Building
Washington DC, 20510

Dear Senate Leaders:

We write to urge inclusion of a two-year extension of the successful Treasury Grant Program (TGP) in any tax package the Senate considers during the current lame-duck session. The TGP has been widely credited with maintaining strong growth in the renewable energy sector in 2009 and 2010, despite the severe economic downturn. Also known as the "Section 1603 program," the TGP has proven a particularly effective job creation tool. According to a Lawrence Berkeley National Laboratory study, the program has enabled hundreds of renewable energy projects to move forward and saved over 55,000 American jobs in the wind industry alone.

Prior to the economic meltdown, clean energy project developers relied on "tax equity partnerships" with investors to take advantage of clean energy tax incentives. In 2008, the economic meltdown froze the \$8 billion tax equity market, jeopardizing billions of dollars in clean energy investment. The TGP proved an effective replacement for these partnerships, supporting around \$18.2 billion in clean energy investment to build 8,600 megawatts of renewable energy generation through October 25, 2010.

With most utilities and developers still unable to utilize existing production and investment tax credits, and our nation's economic recovery dependent on the creation of new jobs, we believe a two-year extension of the TGP is critical. According to a survey of all the leading participants in the tax equity market, absent an extension of the TGP, the anticipated total financing available for renewables is expected to decrease by

56 percent in 2011. This would jeopardize investments in additional electricity generating capacity and the increased energy security, associated jobs, and avoided environmental impacts they provide. However, a recent study found that a two year extension of the TGP would result in nearly 65,000 more jobs in the solar industry alone, and enough additional solar to power more than 1.2 million homes.

It is important to emphasize that the TGP did not create an entirely new federal incentive program; rather it simply allowed clean energy projects to utilize various existing investment and production tax incentives, which are already available through 2012, 2013, or 2016 and included in the revenue baseline. However, given the structure of the TGP, extension also offers a unique opportunity to provide parity for public power producers, rural electric co-ops, and municipal utilities -- non-income-tax-paying entities that provide electricity for over a quarter of Americans. The current allocation of Clean Renewable Energy Bonds (CREBs) has been oversubscribed and additional support for consumer-owned utility projects is essential.

Due to these significant benefits, many of our Senate colleagues have been calling for the program's extension and expansion for many months. In April, nineteen Senators wrote to you to request that you include a TGP extension, modeled on the Renewable Energy Incentive Act (S.2899), in the next major piece of legislation developed within the Senate Finance Committee.

Given its proven track record, and the importance of diversifying our nation's energy sources, we reiterate the call made by our colleagues in April to extend this program. We believe that any tax package should be designed to stimulate economic growth and job creation, and should include an extension of the Treasury Grant Program with an appropriate offset.

Sincerely,

Maria Cantwell

Dianne Feinstein

Debbie Stabenow

Leah Wagner

5
Kent Linnell

John F. Kenny

Debbie Starnow

Ron Wyden

Robert Menendez

Bill Nelson

Jeffrey A. Mackley

Tom Udare

M. F. B. A

Kirsten E. Gillibrand

Jeanne Shaker

Burke Bief

Al Franken

Ben Sanders

Shirley

Gregor L. Egan

Jim Johnson

Ben Card

Mark Udall

Patty Murray

Jack Reed

Amy Klobuchar