



February 2, 2007

The Honorable Nancy Pelosi  
Speaker of the House  
United States House of Representatives  
Washington, D.C. 20515

**Re: Extending Federal Renewable Energy Tax Credits**

Dear Speaker Pelosi:

As you establish a framework for clean energy legislation for the country in the 110<sup>th</sup> Congress, I strongly encourage you to put in place long-term tax legislation to enable and promote the rapid growth of domestic, clean, renewable energy sources, such as solar and tidal energy.

In 2001, you endorsed Proposition B, San Francisco's successful \$100 million solar bond initiative. In 2006, California passed the largest solar incentive program in the nation, the \$3 billion, ten-year California Solar Initiative. In 2003, the San Francisco Board of Supervisors passed a resolution supporting the development of a tidal energy pilot project in the City. Unfortunately, however, local and state policies alone will not be sufficient to create the economies of scale necessary to bring solar, tidal and other clean energy technologies into the mainstream—and on a level playing field with fossil fuels—in the United States. Forward-thinking federal tax policy that sends the right signals to the market is essential.

The country needs a long-term investment tax credit to spur further investment and innovation in renewable energy. This would have particular benefits to San Francisco. The City's Electricity Resource Plan set a target of 50 MW of renewable energy generation within City limits by 2012. Despite the significant progress we've made in the use and promotion of renewable energy in San Francisco, we've only achieved five MW toward this goal. The up-front cost of renewable power remains the largest obstacle; extending the federal tax credit for renewables will go a long way toward overcoming this barrier.

**Solar tax credit**

The short-term solar tax credit, which is set to expire next year, must be extended to unlock manufacturing and technology investments. I urge you to support the *Securing America's Energy Independence Act (H.R. 550)* to extend the solar tax credit an additional eight years. An eight-year extension of the investment tax credit (ITC) would pave the way for the kind of rapid, sustained growth necessary to bring solar energy to scale while bringing new jobs to America. The Renewable Energy Policy Project estimates that this legislation will create 55,000 new jobs and over \$45 billion in economic investment for the nation by 2015.

**Tidal and wave energy**

The Energy Policy Act of 2005 is the first piece of federal legislation in more than two decades that accords federal recognition to tidal and wave energy. For the first time, wave and tidal energy qualify for a renewable energy production incentive and are considered eligible renewables for purposes of the mandatory federal purchase requirement. The 2005 EPAct also contains various financial incentives that might benefit ocean power, including loan guarantees for new technologies and programs to study ocean energy potential on federal lands. However, the production tax credit (PTC) for ocean energy that was included in the Senate version of the Energy Bill was dropped at the last hour. Because the PTC was extended only two years (as opposed to eight), tidal and wave power likely will not be able to benefit from the PTC given its short duration. Extending the PTC for a full eight years will allow large-scale and emerging renewable energy projects, like tidal and wave power, to benefit from this critical financial incentive.

Thank you for your continued leadership to reduce air pollution, fight global climate change and promote energy independence. I look forward to working with you to promote cleaner energy sources in the United States and building a cleaner, healthier future for our nation.

Sincerely,



Gavin Brown  
Mayor