



November 6, 2009

The Honorable Nancy Pelosi
Speaker of the House of Representatives
H-232 Capitol Building
Washington, DC 20515

The Honorable Harry Reid
Senate Majority Leader
S-221 Capitol Building
Washington, DC 20510

The Honorable Charles Rangel
Chairman, House Committee on Ways
and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Max Baucus
Chairman, Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Henry Waxman
Chairman, House Committee on Energy
and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Jeff Bingaman
Chairman, Senate Committee on Energy
and Natural Resources
304 Dirksen Senate Office Building
Washington, DC 20510

Dear Madam Speaker, Chairman Rangel, Chairman Waxman, Majority Leader Reid,
Chairman Baucus, and Chairman Bingaman:

Our organizations, representing thousands of clean energy companies, appreciate the efforts of this Congress to support the development and deployment of clean energy technology. We are writing today to urge you to extend by two years the grant in lieu of a tax credits program, created in section 1603 of the American Recovery and Reinvestment Act of 2009 ("Recovery Act"), and we urge you to extend the commence construction deadline by one year for projects receiving loan guarantees under the Recovery Act's Temporary Loan Guarantee Program for all innovative and commercial renewable energy projects ("the section 1705 program").

Section 1603 of the Recovery Act authorizes the Department of Treasury to issue grants to renewable energy facilities that would otherwise qualify for the investment tax credit that are placed in service during 2009 and 2010 or commence construction by December 31, 2010. The Recovery Act also requires projects receiving loan guarantees under the section 1705 program to commence construction by September 30, 2011.

Delays in implementing the Loan Guarantee Program coupled with the requirements of reviews under the National Environmental Policy Act (NEPA) place many renewable energy projects in danger of missing the construction deadlines to take advantage of both of these important Recovery Act programs. To date the Department of Energy (DOE) has issued three separate solicitations for the section 1705, and round I/phase II submission deadlines are not until December of this year. DOE has informed applicants that it will be in early February 2010 before notifications are received to move forward with due diligence phase—one year after the passage of the Recovery Act. The Department of Energy's loan guarantee application review process, including required NEPA reviews, can take as long as 18-months to complete.

Given the estimated duration that can be required to complete either the DOE application review process, including the required NEPA reviews, many projects are in jeopardy of never being completed. Projects that apply under the newly issued section 1705 solicitations are at particular risk, given the late release of the solicitation. We request that the commence construction deadline for the 1705 program be extended to September 30, 2012. This will ensure that "shovel-ready" projects will not be excluded due to administrative delays.

In addition to the long time horizons required to obtain loan guarantees, the tax equity market remains weak. Last year's financial crisis wiped out more than half of the renewable energy tax equity market, and it has yet to recover. For instance, in a recent presentation, John Eber from JP Morgan observed that large concentrating solar power projects, in particular, require such significant amounts of tax equity that such deals are "not doable in today's market." Eber opined that these projects are likely to require the grant program for some time to come. Meanwhile, yields on the tax equity transactions that are available have increased. Money invested in the ITC grant program avoids the high transaction costs and directly stimulates renewable energy projects. We, therefore, ask that the deadline to commence construction on specified energy property eligible for the investment tax credit grant program be extended to December 31, 2012.

We welcome the opportunity to discuss these matters in further detail with you or members of your staff. Thank you for your attention to these important matters.

Sincerely,



Bob Cleaves
President
Biomass Power Association



Karl Gawell
Executive Director
Geothermal Energy Association



Linda Church Ciocci
Executive Director
National Hydropower Association



Rhone Resch
President and Chief Executive Officer
Solar Energy Industries Association



Jessica Bridges
Executive Director
United States Clean Heat and Power Association

CC: House Minority Leader John Boehner
Senate Minority Leader Mitch McConnell
Ranking Member Joe Barton
Ranking Member Lisa Murkowski
Ranking Member Dave Camp
Ranking Member Charles Grassley
Secretary Steven Chu