



October 5, 2009

The Honorable Timothy Geithner
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Geithner:

I am writing on behalf of the Solar Energy Industries Association (SEIA) to request that the Treasury Department provide tax-law guidance that would help facilitate the use of “power purchase agreements” (PPAs) by schools, municipalities, and other governmental entities seeking to adopt green energy technologies, especially solar.

I would also like to take this opportunity to thank you for your ongoing efforts to make the “Treasury Grant” program under Section 1603 of the American Recovery and Reinvestment Act of 2009 (“ARRA”) readily understandable and accessible to our industry.

In recent years, PPAs have been used to bring solar power to many consumers. A PPA is an arrangement in which solar technology is installed and maintained by a solar company at a site (e.g., building grounds or roof) whose owner agrees to purchase electricity produced for a fixed price over an extended period. For the site owner, a PPA eliminates the need for up-front capital investment, operation and maintenance responsibilities and provides reduced electricity costs. In turn, the combination of tax incentives and a reliable revenue stream makes the financing of the solar deployment economically feasible.

Greater participation by private investors will dramatically increase PPA adoption by governmental entities. We have seen a limited number of PPA arrangements implemented in which solar arrays are purchased by a private investor that contracts with a solar company to install and maintain the arrays at a school or other municipal building. However, we understand that tax-law uncertainty may be hindering broad-scale deployment of these arrangements.

For example, highly technical questions have been raised as to whether PPAs will be treated as service contracts and whether the private investor will be respected as the owner of the property that is eligible for congressionally provided tax benefits intended to encourage such property investment. We understand that potential PPA participants are increasingly wrestling with those questions as they seek to structure arrangements that are commercially and economically viable and that meet the tax-law rules.

We urge you to work with our industry to develop guidance – for example, safe harbor guidelines – providing tax-law certainty that would allow private-investor PPA arrangements to move forward on a more efficient and broad-scale basis. We commend this Administration’s commitment to green energy technologies, and we would appreciate the opportunity to work with you on this initiative.

If you should have any questions, please contact SEIA’s General Counsel, John Stanton at 202-556-2870.

Thank you for your consideration of and prompt attention to this request. I look forward to hearing from you.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Rhone A. Resch". The signature is fluid and cursive, with the first name being the most prominent.

Rhone A. Resch
President & CEO

Cc: Hon. Michael Mundaca