

# United States Senate

WASHINGTON, DC 20510

December 13, 2012

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Mitch McConnell  
Republican Leader  
United States Senate  
Washington, DC 20510

The Honorable Max Baucus  
Chairman, Senate Finance Committee  
United States Senate  
Washington, DC 20510

The Honorable Orrin Hatch  
Ranking Member, Senate Finance Committee  
United States Senate  
Washington, DC 20510

Dear Majority Leader Reid, Republican Leader McConnell, Chairman Baucus, and Ranking Member Hatch:

We are writing to express our support for modifying key clean energy tax credits in order to encourage greater growth and job creation in the clean energy industry. Specifically, we request that any legislation considered during this Congress to extend and improve renewable energy tax incentives modify both major categories of renewable energy incentives – the Section 45 Production Tax Credit (PTC) and the Section 48 Investment Tax Credit (ITC) – so that projects may qualify for the credit if they “commence construction” before the expiration of the incentive.

The “commence construction” modification was included in S. 3521, the Family and Business Tax Cut Certainty Act of 2012, for the Section 45 technologies, which will provide added certainty for the wind industry and other technologies that utilize the Production Tax Credit. We support the decision to make this change, and retaining this extension and modification of the Production Tax Credit should be a priority as the bill undergoes further consideration by Congress. We believe the same policy should also immediately apply to projects that qualify for the Investment Tax Credit, enabling solar, fuel cells, and other energy technologies to take advantage of the greater certainty afforded by this improved eligibility standard. “Commence construction” is a superior policy mechanism that allows for the full and efficient utilization of both of these incentives and ensures continued industry growth and deployment of all clean energy technologies.

Like fossil generation technologies, the planning, development, permitting and construction process for clean energy projects takes many years to complete. While fossil generation enjoys permanent tax incentives, under current law, clean energy projects need to be in the development pipeline years in advance of the actual deadline in order to qualify for Federal incentives. Clean energy projects require business certainty for the multi-year development and construction timelines. Any unanticipated and unforeseeable delay in permitting or construction can put the clean energy project at risk of not meeting an arbitrary

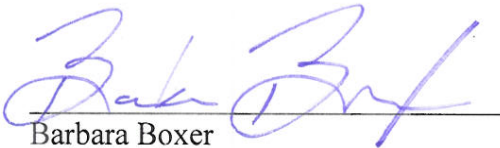
deadline, thus creating a high degree of uncertainty for both project sponsors and financiers alike.

According to recent analysis of utility scale solar projects under construction in the United States today, it takes an average of 5.5 years to develop a utility-scale solar facility, 2.5 years of which is the construction period. Due to the 5.5 year development cycle, solar energy projects that initiate development this year are unlikely to qualify for Federal solar incentives set to expire in four years, and industry reports a substantial reduction in the number of new project proposals as a result. The solar energy sector has been a bright spot in our economy, experiencing job growth of 27 percent over the past two years. We are concerned that a substantial reduction in project development will lead to a serious slowdown in a rapidly growing economic sector. A “commence construction” standard would provide added certainty and flexibility that will allow many more clean energy projects to move forward during the statutory duration of existing tax incentives.

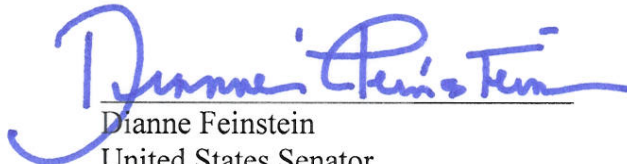
The change to “commence construction” provides greater certainty to utilities, communities, developers, and lenders that are willing to invest billions of dollars in our nation’s clean energy infrastructure.

Thank you again for your commitment to clean energy tax credits, which continue to help diversify our nation’s energy portfolio, promote competition in the energy markets, grow jobs across the country, and reduce energy prices for American families.

Sincerely,



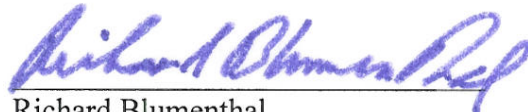
Barbara Boxer  
United States Senator



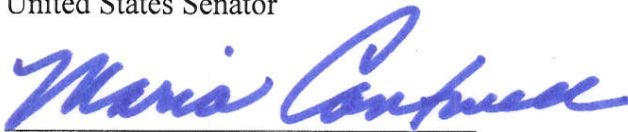
Dianne Feinstein  
United States Senator



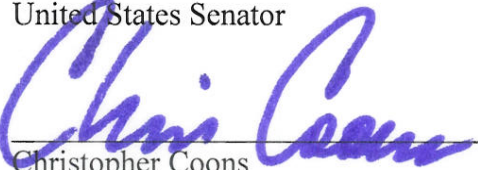
Michael F. Bennet  
United States Senator



Richard Blumenthal  
United States Senator



Maria Cantwell  
United States Senator



Christopher Coons  
United States Senator

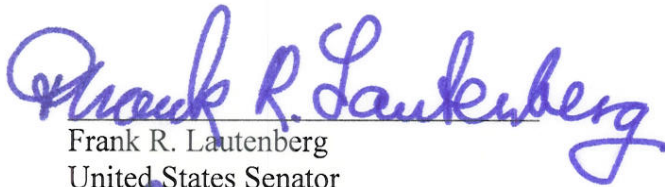


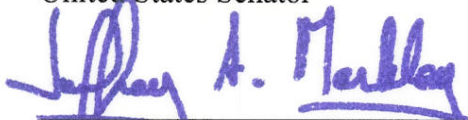
Kirsten E. Gillibrand  
United States Senator

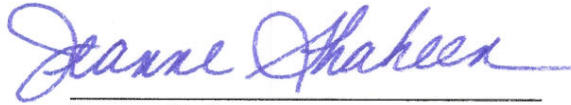


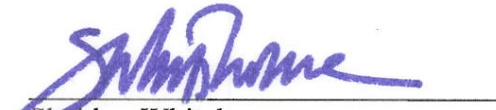
Daniel Inouye  
United States Senator

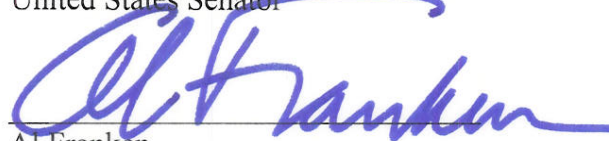



  
Frank R. Lautenberg  
United States Senator

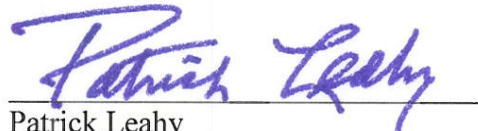
  
Jeff Merkley  
United States Senator

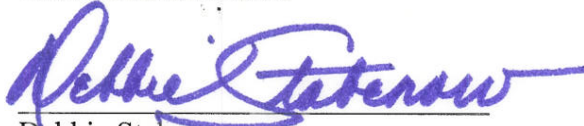
  
Jeanne Shaheen  
United States Senator

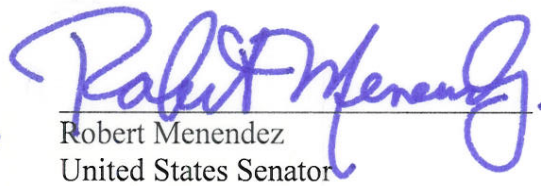
  
Sheldon Whitehouse  
United States Senator


  
Al Franken  
United States Senator

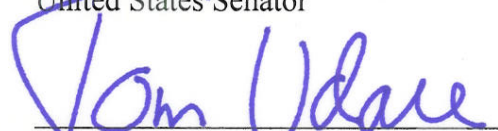
  
Tom Harkin  
United States Senator


  
Patrick Leahy  
United States Senator

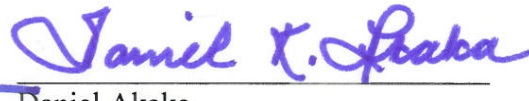
  
Debbie Stabenow  
United States Senator

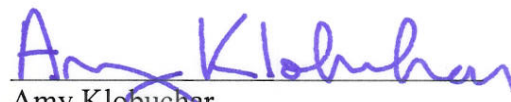
  
Robert Menendez  
United States Senator

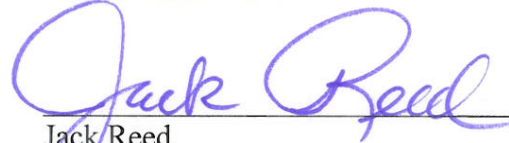
  
Bernard Sanders  
United States Senator

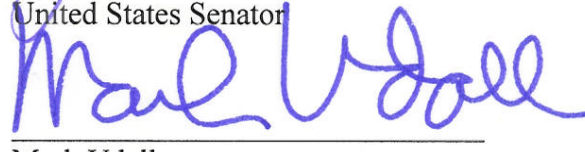
  
Tom Udall  
United States Senator

  
Ron Wyden  
United States Senator

  
Daniel Akaka  
United States Senator

  
Amy Klobuchar  
United States Senator

  
Jack Reed  
United States Senator

  
Mark Udall  
United States Senator