

United States Senate

WASHINGTON, DC 20510

March 11, 2014

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Ron Wyden
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Majority Leader Reid and Chairman Wyden:

We are writing to express our strong support for modifying the eligibility standard under the Section 48 Investment Tax Credit (ITC) in a tax extenders package this Congress. We specifically request that the current standard, which requires projects to be “placed-in-service” by the end of 2016, be changed so that projects instead must have “commenced construction” by the end of 2016. This eligibility standard was modified in the Production Tax Credit (PTC) last year, and has successfully reinvigorated investments in new wind energy projects. Without making this change now, solar project developers will be unable to make full and effective use of the ITC through its expiration. To effect this change, we support including the bipartisan bill, S. 2003, introduced by Senators Michael Bennet [D-CO] and Dean Heller [R-NV] in any tax extenders legislation that the Senate considers in this Congress.

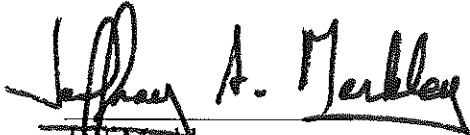
Many solar project developers are already unable to make use of the ITC, even though it expires almost three years from now. That is because completing the planning, development, permitting and construction of larger projects takes many years. Utility-scale solar energy projects, for example, often require 4-6 years from start to finish. As a result of this long development cycle, utility-scale developers are already beginning to find it difficult to attract investors willing to invest billions of dollars on projects because of the risk that they will not be completed and placed in service before the end of 2016.

Even smaller projects, such as rooftop and distributed solar, will soon be impacted. Increasingly, rooftop and distributed solar projects are being made possible by large financing partnerships that spend down over a year and a half period. These types of solar projects will be imperiled as early as 2015 without the certainty that a commence construction standard would give to investors. The result of the current “placed-in-service” eligibility standard in the ITC is that for many solar companies, the effective usefulness of the current 30 percent ITC is dramatically decreasing years in advance of its actual expiration.

Since Congress raised the ITC to 30 percent in 2006, solar companies across all 50 states have responded by investing tens of billions of dollars, growing solar installations by 3000 percent, employing nearly 143,000 American workers, all while driving down average system prices by 60 percent. The U.S. now has over 13,000 megawatts of installed solar electric capacity, enough to power more than 2 million American homes. The success of the ITC demonstrates the value of stable and predictable federal tax and energy policies for sustained private sector growth.

Without a change to a “commence construction” standard, analysts predict that private investment in solar projects will dry up this year, endangering the continued growth of this source of zero-carbon emission electricity. We strongly support inclusion of this modification to the Section 48 Investment Tax Credit in a tax extenders package, which should be completed as quickly as possible.

Sincerely,



Jeffery A. Merkley
United States Senator



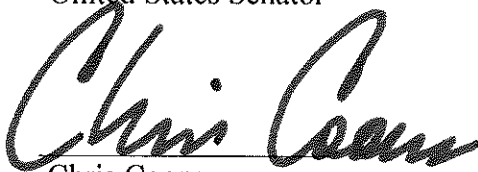
Sheldon Whitehouse
United States Senator



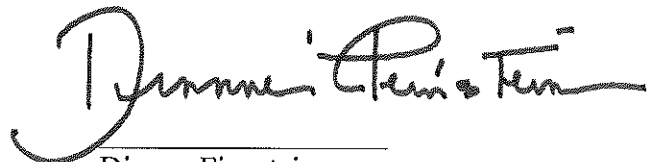
Martin Heinrich
United States Senator



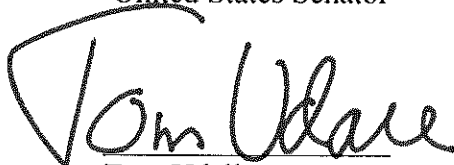
Al Franken
United States Senator



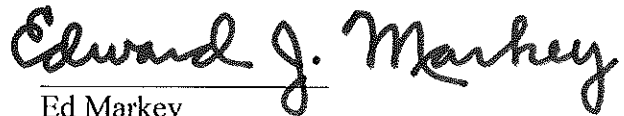
Chris Coons
United States Senator



Dianne Feinstein
United States Senator



Tom Udall
United States Senator



Ed Markey
United States Senator



Mazie Hirono
United States Senator



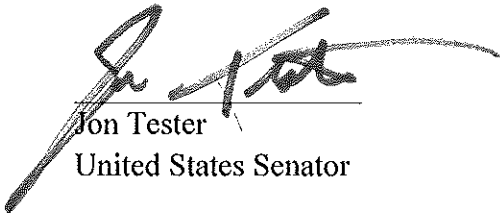
Jeanne Shaheen
United States Senator



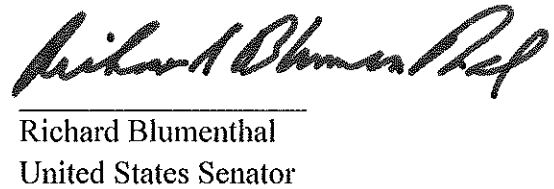
Angus King
United States Senator



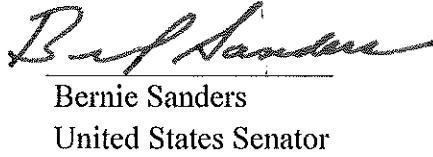
Jack Reed
United States Senator



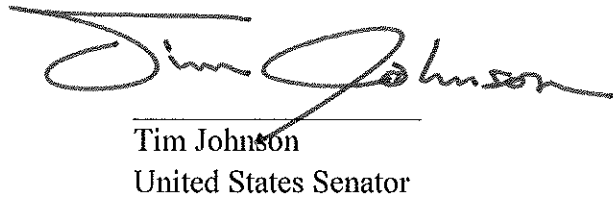
Jon Tester
United States Senator



Richard Blumenthal
United States Senator



Bernie Sanders
United States Senator



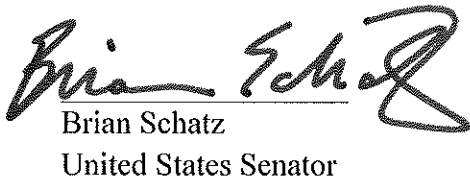
Tim Johnson
United States Senator



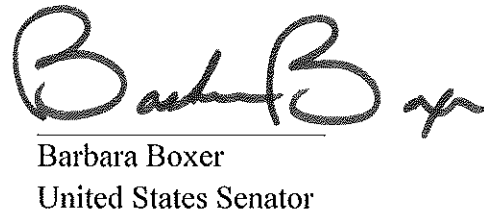
Kirsten Gillibrand
United States Senator



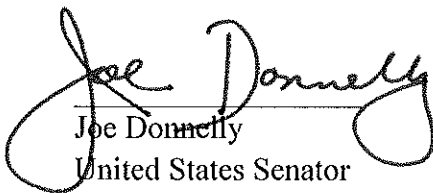
Mark Udall
United States Senator



Brian Schatz
United States Senator



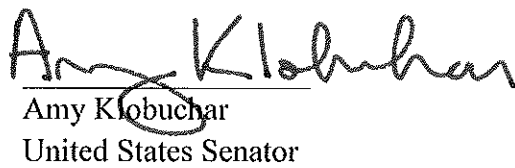
Barbara Boxer
United States Senator



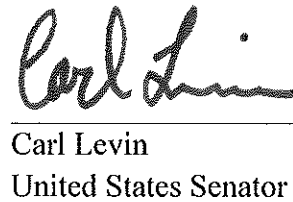
Joe Donnelly
United States Senator



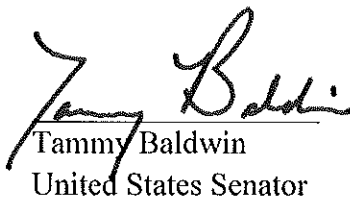
Mark Begich
United States Senator



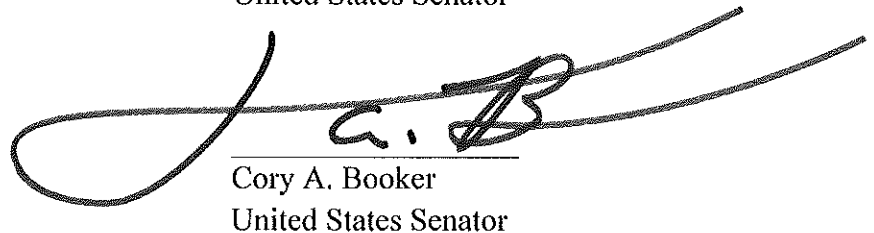
Amy Klobuchar
United States Senator



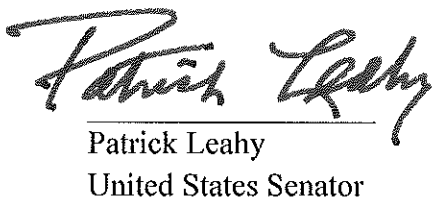
Carl Levin
United States Senator



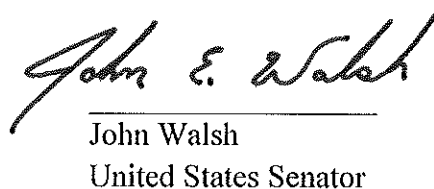
Tammy Baldwin
United States Senator



Cory A. Booker
United States Senator



Patrick Leahy
United States Senator



John Walsh
United States Senator