

United States Senate

WASHINGTON, DC 20510

December 9, 2019

The Honorable Mitch McConnell
Majority Leader, United States Senate
317 Russell Senate Office Bldg.
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader, United States Senate
322 Hart Senate Office Bldg.
Washington, DC 20510

The Honorable Chuck Grassley
Chairman, Senate Finance Committee
135 Hart Senate Office Bldg.
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member, Senate Finance Committee
221 Dirksen Senate Office Bldg.
Washington, DC 20510

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Grassley, and Ranking Member Wyden,

As the Senate Finance Committee and Congress consider how to extend expired and expiring energy tax incentives, we need to prioritize clean energy tax policies in order to continue the growth of green jobs and make a critical down payment toward our national climate goals. The urgency of taking climate action was recently underscored by the 2019 United Nations Emissions Gap Report, which states that countries need to immediately reduce their emissions or risk missing Paris Climate Agreement targets.¹ According to the Rhodium Group, extending and expanding tax credits through 2025 for zero-emitting electrical generation could reduce up to 125 million tons of emissions, making up a quarter of our national commitment under the current Paris Climate Agreement targets.² Especially as we work to convey our ongoing commitment to our global partners, we must work together to seize this opportunity to pass bipartisan pro-growth, pro-climate legislation.

On November 19, the House Ways and Means Committee released a draft legislation that includes tax incentives for wind, energy storage technologies, building energy efficiency, electric vehicles, and solar energy. As the Senate works toward developing its own clean energy tax package, we should similarly prioritize and include:

¹ UN Environment Programme. *Emissions Gap Report 2019*. November 26, 2019. <https://www.unenvironment.org/resources/emissions-gap-report-2019>

² Rhodium Group. *Can Tax Credits Tackle Climate?* September 26, 2019. <https://rhg.com/research/can-tax-credits-tackle-climate/>

- Offshore Wind Investment Tax Credit: Offshore wind energy is an untapped energy source that we can deploy to offset fossil fuel generation and provide new affordable zero-carbon generation, and there is bipartisan support to extend the offshore wind tax credit in the Senate. The offshore wind facility siting process is resource-intensive and requires the engagement of a variety of ocean stakeholders. The extension of the 30 percent offshore wind tax credit will facilitate the growth and establishment of this new industry, thus helping states and the nation meet emissions targets.
- Storage Investment Tax Credit: Energy storage will be a necessary component of a clean electricity grid. In November 2019, the Federal Energy Regulatory Commission approved several grid operation plans to incorporate energy storage technology, and it is still in the process of completing a pending rule for distributed generation. A standalone investment tax credit for energy storage will help energy producers take advantage of this additional regulatory certainty and recent advances in storage technology development.
- Solar and Clean Energy Investment Tax Credit Extension: Rapid deployment of solar and other clean energy investment tax credit (ITC) technologies is essential or the United States will not fill the gap in Paris goals. The 30 percent ITC has fueled the growth of the solar industry through hundreds of thousands of jobs and billions of dollars in private investment, but solar generation nationwide remains highly limited at approximately 2.3%. While the solar ITC was extended in 2015 and scheduled to begin phasing down at the end of this year, the Trump administration has offset the benefits of this extension through its implementation of tariffs on solar panels and steel. In addition, parity for geothermal energy in regard to the ITC and a retroactive extension of the PTC would provide a predictable market signal for geothermal development, which in turn leverages private investment.
- Energy Efficiency Tax Credit: Energy efficiency is a key part of any climate action plan—according to one analysis, energy efficiency policies alone can achieve 50 percent of our national climate goals under the Paris Climate Agreement, while also saving consumers money.³ We must extend and update tax incentives for energy efficient homes and buildings in order to reduce emissions and save households money on electricity bills.
- Clean Vehicles: The transportation sector is the largest source of greenhouse gas pollution in the United States and its emissions continue to rise.⁴ Providing an incentive for drivers to switch from gasoline-powered cars to zero-emission vehicles is essential to addressing the climate crisis. Due to slow stock turnover and the higher price of electric and fuel cell vehicles, light-duty transportation is difficult to decarbonize and enacting tax policies will help accelerate the transition.
- Onshore Wind: In addition, onshore wind and other clean energy technologies should be included in an extension of the ITCs, or an equivalent extension of the production tax

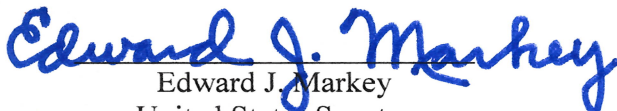
³ Steven Nadel and Lowell Ungar, *Halfway There: Energy Efficiency Can Cut Energy Use and Greenhouse Gas Emissions in Half by 2050*, American Council for an Energy-Efficient Economy (September 2019), <https://aceee.org/research-report/u1907>

⁴ Rhodium Group. *Can Tax Credits Tackle Climate?* September 26, 2019. <https://rhg.com/research/can-tax-credits-tackle-climate/>


credit should be provided to support manufacturing, mitigate transmission constraints and address cost impacts due to tariffs.


Tax incentives have effectively encouraged the production of clean, renewable energy and contributed to the reduction of carbon emissions. We need to extend, expand, and update current tax policies to increase the adoption of zero-emission generation, energy storage, zero-emission vehicles and energy efficient buildings. In addition to these policies, we should promote strong labor standards and incentives for domestic manufacturing that will support the creation of good American jobs and drive domestic manufacturing. The scientific need for immediate climate action has only become more apparent in recent years, and now we have an opportunity to take significant steps and invest in the American economy. We urge you to prioritize these clean energy extenders in any tax legislation.

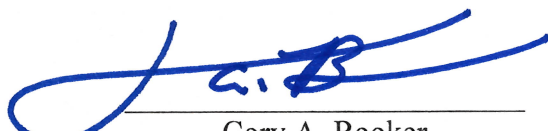
Sincerely,

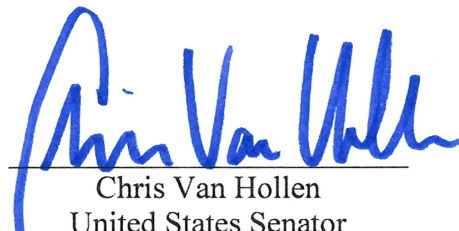

Edward J. Markey
United States Senator

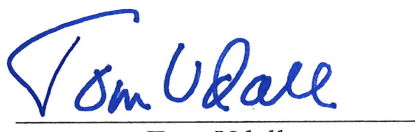

Sheldon Whitehouse
United States Senator

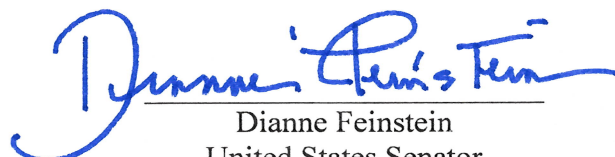

Catherine Cortez Masto
United States Senator

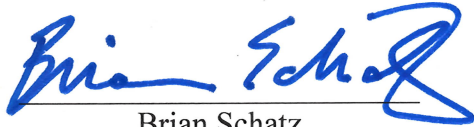

Martin Heinrich
United States Senator


Cory A. Booker
United States Senator

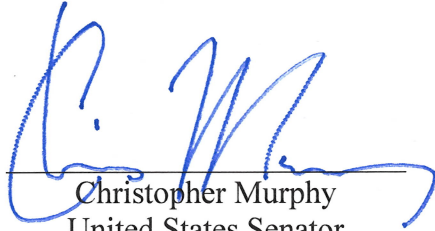

Chris Van Hollen
United States Senator


Tom Udall
United States Senator


Dianne Feinstein
United States Senator



Brian Schatz
United States Senator



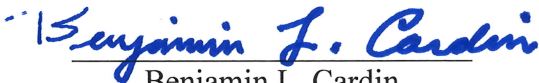
Christopher Murphy
United States Senator



Richard Blumenthal
United States Senator



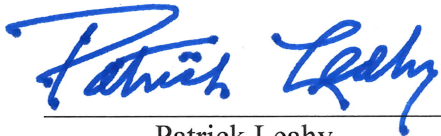
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Benjamin L. Cardin
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Patrick Leahy
United States Senator



Jack Reed
United States Senator



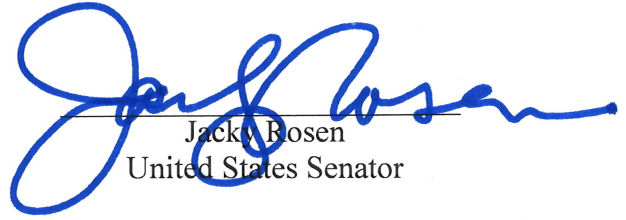
Mazie K. Hirono
United States Senator



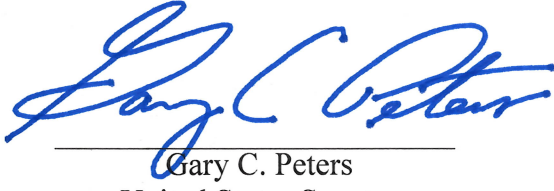
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United States Senator



Debbie Stabenow
United States Senator



Jacky Rosen
United States Senator



Gary C. Peters
United States Senator



Bernard Sanders
United States Senator
