

# United States Senate

WASHINGTON, DC 20510

December 9, 2010

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

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

Dear Majority Leader Reid and Chairman Baucus:

We are writing to express that we will have difficulty supporting tax legislation currently being drafted for Senate consideration that fails to include an extension of the Treasury Grant Program (TGP). The Treasury Grant Program allows renewable energy developers to claim tax incentives directly. It is rightly credited with maintaining growth in the renewable energy sector in the midst of an economic downturn. If Congress allows taxes to rise on renewable development, momentum would be lost and the growth of renewable energy would be jeopardized.

The TGP has supported around \$18.2 billion in clean energy investment to build 8,600 megawatts of renewable energy generation so far. To date, 1,465 projects have come online nationwide, and hundreds more have broken ground. As a result, our nation is slowly weaning itself off imported fuels, cleaning our air, reducing greenhouse gas pollution and creating jobs. In recent years the success of TGP has led to the creation of more wind energy capacity than any other type of power generation.

Furthermore, without the TGP, banks are able to extract a significant portion of the renewable energy tax credits' value from renewable energy companies. A grant or direct pay program gives renewable energy companies 100% of the government support, instead of diverting much of the value into the already deep pockets of big banks.

The impact of this program on the clean energy economy has been enormous. A study by Lawrence Berkeley National Laboratory found the wind energy projects that were made possible by the TGP were responsible for more than 55,000 jobs. Another study by EuPD Research, an independent consulting firm, projects a two-year extension of TGP would mean 65,000 more jobs in the solar industry and enough energy to power 1.2 million homes.

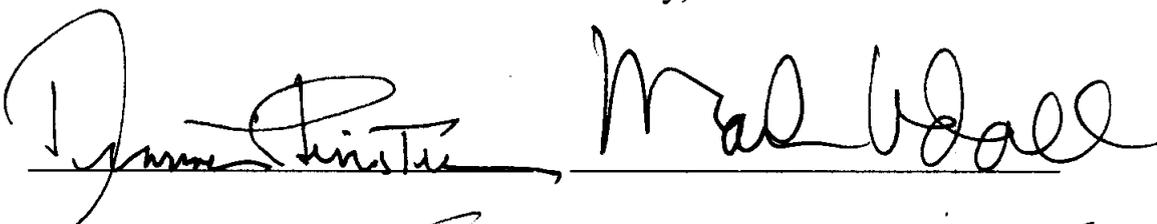
Before the economic meltdown, developers were able to form "tax equity partnerships" with Wall Street banks to take advantage of clean energy tax incentives. But the banking crisis meant the \$8 billion tax equity market seized up. The Treasury Grant Program is the only reason the renewable energy industry expanded instead of freezing.

Unfortunately, without the TGP or the creation of a direct payment option as proposed by Senator Baucus in the Middle Class Tax Cut Act of 2010, renewable energy development is forecast to dramatically suffer in 2011. A survey of all the leading banks that dominate the tax equity market shows that an expiration of TGP would result in a 56 percent decline in total financing available for renewable energy this coming year.

As you know, the TGP did not create a new federal incentive program. Instead, it allowed clean energy projects to make use of existing investment and production tax incentives. We ask for you to add an extension of the Treasury Grant Program, as proposed in the Renewable Energy Incentive Act, or the direct payment option as proposed by Senator Baucus in the Middle Class Tax Cut Act of 2010, to the final tax legislation considered by the Senate.

Thank you in advance for recognizing the urgency of growing the green energy economy.

Sincerely,


Patty Murray

Cheri Coon

Barb Boy

R. Wy

Jim Johnson

Patrick Leahy

to Benjamin Nelson

Cheri Dodd

Whitman

Tom Udare

Rabert Menendez

Jeffrey A. Merkley

Byron L. Dwyer