



February 8, 2012

The Honorable Harry Reid
Senate Majority Leader
S-221 Capitol Building
Washington, DC 20510

The Honorable Mitch McConnell
Senate Republican Leader
S-230 Capitol Building
Washington, DC 20510

The Honorable John Boehner
Speaker of the House
H-232 Capitol Building
Washington, DC 20515

The Honorable Nancy Pelosi
House Democratic Leader
H-204 Capitol Building
Washington, DC 20515

The Honorable Max Baucus
Chairman, Finance
511 Hart Office Building
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member, Finance
104 Hart Office Building
Washington, DC 20510

The Honorable David Camp
Chairman, Ways and Means
341 Cannon Office Building
Washington, DC 20515

The Honorable Sander Levin
Ranking Member, Ways and Means
1236 Longworth Office Building
Washington, DC 20515

The Honorable David Reichert
Member of Congress
1730 Longworth Office Building
Washington, DC 20515

The Honorable Earl Blumenauer
Member of Congress
1502 Longworth Office Building
Washington, DC 20515

Dear Leader Reid, Leader McConnell, Speaker Boehner, Leader Pelosi, Chairman Baucus, Ranking Member Hatch, Chairman Camp, Ranking Member Levin, Congressman Reichert, and Congressman Blumenauer:

For most renewable electricity technologies in the United States, the tax incentives put in place over the last decade provided the first significant federal support in decades. By any measure, those policies have been tremendously successful in spurring construction of new projects and the deployment of new technologies, expanding the supply of affordable, clean electricity to the grid, supporting significant local economic opportunities, and creating tens of thousands of U.S. jobs in regions of the country not usually associated with renewable energy.

As the President rightly pointed out in his State of the Union address, clean energy tax incentives create jobs and a market for innovation. The production tax credit for hydropower, geothermal and biomass is no exception. Its looming expiration in 2013 is already leading to a decline in new projects and construction. Failing to extend these tax incentives will effectively bring these projects to a grinding halt and undermine the progress our industries have made in recent years.

Utility-scale hydropower, geothermal and biomass projects starting today would find it nearly impossible to be completed by the end of 2013. Recent examination of new geothermal projects finds

lead times of four to eight years. Hydropower has a similar multi-year licensing schedule, followed by the construction timeline. For biomass, a recently completed 100 MW facility in Texas took more than five years before even breaking ground.

The tax incentives in place since the mid-2000s have helped usher in a renaissance in our industries. Like the federal tax incentives, the Department of Energy's investment in new technology represents the first significant federal support for new geothermal and hydropower technology in decades. We believe the investment will pay off, but sustaining the momentum to build new projects is critical.

As Congress considers extending certain key incentives this year, it will have a remarkable opportunity to protect recent growth in the geothermal, hydropower and biomass sectors as well as build upon the successes of those policies. That is why it is critical that Congress, at a minimum, extend the renewable energy production tax credits through 2016 for the full range of renewable energy technologies, including hydropower, geothermal, and biomass – all of which have much longer deployment lead times compared to other renewable energy technologies.

The benefits of our technologies are clear. All can provide high quality electric power with baseload reliability as well as flexible output to complement other technologies. All have large untapped resource bases across the rural economies of the nation, and their continued growth could provide tens of thousands of affordable, clean megawatts to America's electric grid while creating domestic jobs and driving local economic activity.

Currently, the investment tax credit for solar is the only renewable electricity tax incentive effective through 2016. Congress extended this credit in explicit recognition of the importance of stable and predictable tax policies. The duration of this effective program should be a model for enhancing the effectiveness of the federal tax incentives for the rest of the renewable electricity technologies.

The policies signed into law over the last decade sought to expand federal support and incentives to a wide range of technologies, and to provide longer-term incentives that support industry growth and new technology deployment. And they have been successful in creating momentum for new construction, new capacity and new jobs in America's renewable energy industry. Those policies and the investments and jobs that they help create need to be kept in place so they can continue to work for America's economy.

Signed,

Linda Church Ciocci
Executive Director
National Hydropower Association

Bob Cleaves
President and CEO
Biomass Power Association

Karl Gawell
Executive Director
Geothermal Energy Association