



March 13, 2018

The Honorable Vern Buchanan
Chairman
Subcommittee on Tax Policy
Committee on Ways and Means
1136 Longworth House Office Building
Washington, DC 20515

The Honorable Lloyd Doggett
Ranking Member
Subcommittee on Tax Policy
Committee on Ways and Means
1136 Longworth House Office Building
Washington, DC 20515

Re: National Hydropower Association (NHA) Statement for the Record on the March 14, 2018 hearing on post tax reform evaluation of recently expired tax provisions

Chairman Buchanan and Ranking Member Doggett:

NHA¹ strongly supports, and urges Congress to adopt, a long-term extension of the expired tax credits for hydropower and marine energy and hydrokinetic (MHK) technologies, such as that included in H.R. 4137, sponsored by Rep. Elise Stefanik (R-NY).²

Today, tax incentives for hydropower and marine energy have lapsed, while tax credits for other renewable resources, such as wind and solar – industries with which hydropower directly competes – now enjoy long-term extensions. This disparity in treatment puts hydropower and marine energy development at a severe competitive economic disadvantage in the market for new renewable electricity generation, particularly in the eyes of investors who are seeking clarity and certainty.

Hydroelectric power is the nation's single largest source of renewable electricity and plays an indispensable role in maintaining a reliable, resilient and functioning grid system, while also supporting the integration of additional renewable generation. Hydropower is a clean air resource avoiding millions of metric tons of carbon emissions each year. Hydropower infrastructure also provides other important benefits, such as managing river flow for aquatic species and habitat protection, flood control and drought management, water supply, irrigation and more. However, further deployment of this clean, flexible baseload energy resource is in jeopardy.

¹ NHA is a nonprofit national association dedicated to promoting clean, affordable, renewable U.S. hydropower – from conventional hydropower to pumped storage to marine energy to conduit power projects. NHA represents more than 230 companies from Fortune 500 corporations to family-owned small businesses. Our members include both public and investor-owned utilities, independent power producers, developers, equipment manufacturers and other service providers.

² Though not the subject of this hearing, NHA also highlights its support for equivalent beneficial new tax policy for energy storage, particularly pumped storage. As such, NHA strongly supports H.R. 4649, the Energy Storage Tax Incentive and Deployment Act of 2017, sponsored by Reps. Doyle, Costello, and Takano.

Certainty in tax policy is needed to accommodate the longer development lead times for projects in the hydropower sector. Also, new facilities, in particular, are often highly capital intensive and tax credits are an important tool for attracting tax equity capital investment.

As such, we reiterate our support for H.R. 4137, the Renewable Electricity Tax Credit Equalization Act, sponsored by Rep. Stefanik. This bill extends the credits for hydropower and marine energy, along with biomass, biogas, and waste-to-energy, through 2020.

Currently, Congress is picking winners and losers in the renewable energy sector. With the enactment of the FY 2016 Omnibus Appropriations bill, Congress adopted a five-year extension of the tax credits for both wind and solar. In this year's Bipartisan Budget Act of 2018, Congress once again acted to provide long-term certainty for the other Section 48 renewable energy technologies – fuel cells, combined heat and power, small wind, and geothermal.

Yet, the budget bill included only a one-year retroactive extension of the hydropower and marine energy tax credits through 2017, which provides no certainty for project developers seeking to finance their projects right now.

Now is the time for Congress to address this disparity for hydropower and MHK technologies.

Investment in hydropower is an investment in a critical piece of our nation's infrastructure. At a time when we are seeking ways to strengthen grid reliability and resiliency, why would Congress seek to disadvantage a premier flexible renewable baseload technology like hydropower? This isn't just playing renewable energy favorites, it's fundamentally missing hydropower's role, and the benefits it brings, to our nation's electricity grid.

If Congress' goal is an all-of-the-above energy policy, allowing the continued expiration of our tax incentives with intermittent, sometimes retroactive, extensions fails to advance it.

Hydropower has significant new growth potential. For example, only 3 percent of the nation's existing dams have power generating facilities. There are also re-investment opportunities at existing hydropower projects to add capacity or increase efficiency. However, inaction on the policies to support the industry make it more difficult to bring new hydropower generation online and create the good-paying jobs and local economic opportunities that come with it.

We strongly urge immediate action on the incentives that have played a critical role in increasing our industry's contribution to our national energy portfolio. NHA supports an all-of-the-above energy tax policy, and Congress must fix the inequities under current policies that are preventing the hydropower and marine energy industries from realizing their full potential.

Sincerely,



Linda Church Ciocci
Executive Director