

July 10, 2015

The Honorable Orrin Hatch
Chairman
Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Paul Ryan
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
1106 Longworth House Office Building
Washington, DC 20515

Dear Chairman Hatch, Ranking Member Wyden, Chairman Ryan, and Ranking Member Levin:

As Congress considers the important issue of tax extenders, we urge an extension of the Investment Tax Credit (“ITC”) contained in Section 48 of the tax code. Although the ITC is currently scheduled to expire in 2016, the “placed in service” requirement coupled with the lead time for installation of advanced energy projects, means that the ITC will effectively expire at the end of 2015, if not sooner. This tax credit has helped deploy new technologies that are beginning to gain a market foothold and create homegrown American jobs.

In order to avoid serious market disruption to and provide for short- to mid-term planning for still nascent industries, we respectfully request that the ITC be extended for a five-year period and that the “placed in service” standard be modified to a “commence construction” standard.

The ITC is critical to a range of advanced energy technologies, including fuel cells, microturbines, combined heat and power technologies, and geothermal heat pump systems.

- Fuel cells are clean, efficient, resilient technologies that have moved from demonstration to commercially available products. The ITC has been credited with allowing fuel cell developers and companies to remain and grow in the U.S. and export domestically manufactured products overseas.
- Microturbines are efficient energy systems with low emissions that supply clean, distributed, and resilient power in the event of grid outages. Microturbine technology was invented in the United States, where the overwhelming majority of this technology continues to be produced today. The ITC has accelerated the deployment of microturbine technology and is an important signal to the microturbine manufacturing industry to continue investing in research and development and expanding its U.S. hiring and manufacturing base.
- Combined heat and power (“CHP”) is a proven, but underutilized, energy-efficiency technology which generates heat and electricity from a single fuel source. It can improve efficiency from 33% to as much as 80%. The ITC has supported growth in CHP deployment with 950 megawatts in new installations in 2012 alone and 3,000 megawatts of additional new capacity projected to come online by its expiration in 2016. Allowing for the effective continued use of the ITC is a critical step toward supporting this growth

and enhancing manufacturer competitiveness.

- A geothermal heat pump (GHP) system is a highly efficient renewable energy technology that uses the ground or ground water to heat or cool buildings. The systems conserve energy by pumping excess warm air from a building during warmer months and discharging it to the Earth, and during cool months, the GHPs pump warmer air from the Earth to a building. Energy Star certified GHPs are over 45 percent more efficient than standard heating and cooling appliances, and the ITC has been an important driver of GHP adoption across the country.

Fuel cells, CHP, GHPs and microturbines harness a broad range of domestic energy resources, from fossil fuels to renewables. These advanced energy technologies provide energy independence and security, and offer consumers choice in their power needs, all while strengthening the resilience and reliability of the U.S. power grid. They can increase energy efficiency and reduce long-term costs, while decreasing environmental impact. Moreover, advanced energy technology development drives U.S. innovation, businesses, economic activity, manufacturing, national security, and jobs.

Advanced energy technologies require years of research and development, trials, manufacturing/production, and scaling to cultivate a concept into a commercialized, established business. The ITC has been critical in incentivizing initial early adopter demand to ultimately drive the cost of the technologies down and establish the technologies in the marketplace. In so doing, the ITC has also attracted necessary private capital to support these advanced energy technologies.

We commend you for your leadership on critical tax policy issues such as the ITC. Our strong hope is that, as part of extenders legislation, the ITC is extended for a five-year period through 2021 and that the “placed in service” standard is modified to a “commence construction” standard. Thank you.

Sincerely,



Acumentrics



Advanced Energy Economy



Advent Technologies, Inc.



Alliance for Industrial Efficiency



Alteryg Systems



American Council On Renewable Energy (ACORE)



AREVA Inc.



Business Council for Sustainable Energy



Bloom Energy



Capstone Turbine Corporation



Doosan Ful Cell America



First Element Energy



FuelCell Energy



Fuel Cell and Hydrogen Energy Assoc.



Fuji Electric Corp. of America



Hydrogenics



ITM-Power Inc.



Johnson Matthey Inc.



LG Fuel Cell Systems



McPhy Energy NA



National Ground Water Association



NRG Energy, Inc.



Nuvera Fuel Cells



Ohio Fuel Cell Coalition



Parker Hannifin Corporation



Pew Charitable Trusts



Plug Power



Precision Combustion, Inc.



Proton OnSite



Redox Power Systems, LLC



Sheet Metal and Air Conditioning Contractors National Association (SMACNA)



Sono-Tek Corporation



TechNet



World Alliance for Decentralized Energy



W.L. Gore