

**TEXT OF LETTER TO SOLAR UTILITY COMPANIES:**

September 14, 2016

COMPANY ADDRESS

Dear \_\_\_\_\_,

The United States Senate Committee on Finance and the House Committee on Ways and Means have jurisdiction over federal revenue measures and certain Department of the Treasury programs, including the Department's Section 1603 Payments for Specified Energy Property in Lieu of Tax Credits ("Section 1603") program. The Section 1603 program allows taxpayers to receive an initial cash grant for renewable energy projects equal to 30 percent of a project's qualified expenditures.<sup>[1]</sup> Section 1603 cash grants are available in lieu of Internal Revenue Code ("IRC") Section 48 energy investment tax credits<sup>[2]</sup> for certain solar projects that began construction between 2009 and 2011 and are placed in service prior to January 1, 2017. These cash grants, along with other federal renewable energy tax incentives and Department of Energy Section 1705 loans, have led the United States government to play a significant financial role in the development of renewable energy projects.

To assist the Committees in better understanding [COMPANY NAME] use of solar energy incentives, third-party financing, and methods of determining cost basis for solar energy properties, please provide the following information by no later than Wednesday, October 12, 2016:

1. Describe [COMPANY NAME]'s method of determination of cost basis for solar energy properties, including:
  - a. Methods of determining fair market value and use of cost, market, income, or other valuation approaches for both power purchasing agreements and solar leases; and
  - b. Use of independent appraisals to support values reported for claiming solar energy credits or Section 1603 cash grants, including a list of appraisers used to claim these incentives.
2. Describe [COMPANY NAME]'s use of third party financing, including the tax equity structures used, use of consumer power purchase agreements and leases, and list of financing funds in which [COMPANY NAME] is a partner.
3. Identify all Section 1603 cash grants [COMPANY NAME] has received, including amounts assigned to third parties (please include the cash grant amount, applicant name, project name, and date awarded).
4. Describe [COMPANY NAME]'s use of tax loss insurance.

We also ask that you provide your answers on a question by question basis, indicating which question you are answering. Thank you in advance for your assistance with this request.

Sincerely,

HATCH  
BRADY