



**BCSE Statement on Clean Energy Tax Policy
For Submission into the Record**

June 14, 2016, Senate Finance Committee Hearing on Energy Tax Policy in 2016 and Beyond

The Business Council for Sustainable Energy urges Congress to quickly move forward to enact legislation to provide durable tax policy promoting clean energy. Current law provides a mix of tax incentives for production of clean energy and investment in plant property to a variety of technologies. The inconsistent level of the current incentives, the duration of the provisions, and the definitions of the technologies, however, do not reflect a comprehensive energy policy. While the Congress made significant inroads on tax policy at the end of 2015, much remains to be done in this important sector.

BCSE is a coalition of companies and trade associations from the energy efficiency, natural gas and renewable energy sectors, and also includes independent electric power producers, investor-owned utilities, public power, and commercial end users. Founded in 1992, the Council advocates for policies that expand the use of commercially-available clean energy technologies, products and services. The coalition's diverse business membership is united around the continued revitalization of the economy and the creation of a secure and reliable energy future in America.

The 2016 spending bill enacted at the end of 2015 included a five-year extension of the Production Tax Credit (PTC) for wind power and a five year extension of the Investment Tax Credit (ITC) for solar, with gradual ramp-down of these credits. BCSE is pleased that the solar and wind sectors received a long-term extension of these credits, as well as language that will enable them to be used when construction on a project starts. Having stable tax policy for these industries is providing predictable market conditions, which enables them to grow, reduce costs and attract investment.

Additionally, the Protecting American Taxpayers and Homeowners (PATH) Act, enacted at the end of 2015, extended incentives for energy efficiency to December 31, 2016. However, incentives for the non-wind and non-solar technologies that currently access the PTC and ITC will expire on December 31, 2016, if Congress does not take action. These technologies include: combined heat and power, microturbines, fuel cells, small wind, biomass, geothermal, landfill gas, waste to energy, hydropower, marine and hydrokinetic.

In order to maintain a diverse portfolio of beneficial clean energy technologies it is critical that Congress formulate and enact the stable, long-term tax policy framework that will support the deployment and use of clean energy technologies in a meaningful way. Energy tax incentives should be established in such a way that the tax benefits are provided to all qualifying technologies in accordance with the energy, environmental and other public benefits they generate. Additionally, it is important that any such changes establish a sufficient duration to provide investors with the confidence they need to proceed with major investments.

BCSE looks forward to working with Congress to achieve this objective.

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