

November 12, 2014

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20510

The Honorable Ron Wyden  
Chairman, Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Orrin Hatch  
Ranking Member, Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Majority Leader Reid, Minority Leader McConnell, Chairman Wyden, and Ranking Member Hatch:

We are writing to express our support for extension of the clean energy tax credits in Section 48 of the code, which are currently scheduled to expire in 2016. These tax credits are instrumental as we establish our industries and products and should be extended well in advance to avoid serious market impacts. In addition, these technologies, which utilize traditional fossil fuels or renewables, deliver customer cost savings and emissions reductions.

We also request for these credits a change from “placed in service by 2016” standard of eligibility to a “commence construction by 2016” standard. As you know, this eligibility standard was modified in the Production Tax Credit in 2012. We believe in parity for the clean energy investment tax credits now as it will allow our companies to take full advantage of the existing tax credit.

The “Commence construction” provision would enable projects that have long development cycles including both large fuel cell power generation systems and distributed energy systems, which are often being made possible by complex financing partnerships. Without a change from “placed in service,” the usefulness of the credit begins to decrease the closer we get to expiration of the credits in 2016.

The investment tax credit is critical to advancing fuel cells, microturbines and combined heat and power technologies.

- Fuel cells systems have moved from demonstration to commercially available products and the ITC has been often credited with allowing fuel cell developers and companies to remain and grow in the United States. The fuel cell industry is still a developing and nascent one: during this critical time, the credit has allowed the fuel cell industry to remain an American one, with almost all of the successful worldwide systems both developed and manufactured in the U.S.
- 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 one third to as much as 80%. The ITC has supported growth in CHP deployment with 870 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.

- The ITC has accelerated the deployment of microturbine technologies in the United States - a highly-efficient, distributed, clean, low-emission source of reliable power - to meet the needs of an increasing variety of applications, including onsite power generation at commercial, institutional and multifamily residential buildings, remote power in oil and gas fields, and resilient power in the event of grid outages. Continuing to incentivize the adoption of microturbine technologies is a critical market signal for U.S. manufacturers to continue their investments in research and development activities as well as ensuring the industry maintains and expands its hiring and manufacturing base in the United States.

Companies that utilize the Section 48 tax credits are contemplating both the short and the long term needs to ensure continued American leadership and success. In the short term, we are committed to working with others to change to “commence construction.” In the long term, we hope to work with you to ensure continuing incentives for our clean energy technologies for several years, as they become established and cost effective in the energy marketplace.

Thank you for your attention.

ABM

Alliance for Industrial Efficiency

American Standard Development Company

Ballard Power

Bloom Energy

Business Council for Sustainable Energy

Capstone Turbine Corporation

Combined Heat and Power Association

FuelCell Energy

Fuel Cell and Hydrogen Energy Association

Plug Power

Nuvera

Sheet Metal and Air Conditioning Contractors' National Association

TechNet

The Pew Charitable Trusts

Veolia Energy North America