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## Congress of the United States House of Representatives Washington, DC 20515-3703

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Congressman Earl Blumenauer
Statement for the Record

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Earl Blumenauer

The impacts of a changing climate are far-reaching, representing a threat not only to our natural ecosystems but to our national security as well. To help avoid the worst effects of carbon pollution, consumers must have a dependable supply of energy that is clean, renewable, and American. The right combination of tax incentives, regulatory changes, and investment in research and development for cleaner energy can expand the renewable energy market, put renewable energy on an equal footing with traditional fossil fuels, and create good domestic jobs in the clean energy industry.

During the economic crisis, renewable energy investors were unable to take advantage of tax credits offered by the federal government to spur renewable energy investment and production. For example, many industry analysts anticipated that in 2009 wind power development would drop by as much as 50% from 2008 levels, with equivalent job losses.

To avoid this outcome, the federal government shifted its tax credit contribution to these projects into cash grants for qualifying projects. This program was extremely successful: in 2009, as a result of these policies, the U.S. wind industry broke all previous records by installing nearly 10,000 megawatts of new generating capacity in 2009. Other renewable energy providers reported similar gains.

This grant program expires on December 31, 2010. The legislation that I am introducing today, the Renewable Energy Expansion Act, will ensure that these benefits are not lost and will ensure that consumers continue to gain better access to sources of clean, renewable energy.

The Renewable Energy Expansion Act allows taxpayers to elect to receive a tax credit that functions as a direct payment for investing in or producing renewable energy. The amount of the payment is tailored to equal the subsidy provided under the American Recovery and Reinvestment Act's energy grant program. The legislation provides

taxpayers the option to receive this new credit or to use the ARRA-created grant program, depending on which program best matches their needs. The legislation also ensures the smooth continuation of our underlying commitment to clean, renewable energy by carrying forward existing guidance and making technical changes to improve the underlying program. Finally, the legislation extends the credit until January 1, 2013.

The legislation makes several technical improvements to the underlying grant program. First, it eliminates an unintended consequence of the normalization rules that limited the ability of regulated utilities to develop renewable power facilities, even if the project otherwise met the prudency tests required by their public utilities commissions. I look forward to seeing added renewable power capacity in my state as a result.

Second, the legislation also improves the investment climate for renewable projects by streamlining access to these investments by investment funds with tax-exempt investors. The proportional disallowance rules that are part of the legislation provide an important balance between protecting federal investments while opening up increased sources of development capital for renewable power developers. In that same vein, this legislation adopts changes that will increase the ability for real estate investment trusts to access these investments and I look forward to an expanding pool of investment capital for these projects in the future.

Finally, it is important to emphasize that the regulatory guidance that has been developed under the American Revitalization and Recovery Act's section 1603 grant program will be adopted by this legislation. It is important for the renewable energy industry—and for the investment community that supports it—to have certainty in the nature of the federal commitment. Having built a smoothly functioning guidance structure under the 1603 program, it provides no benefit to unsettle that understanding. It is my expectation that within 60 days of the enactment of this legislation the Treasury Department will issue guidance integrating the existing guidance into this new framework.

This legislation will help transition America to a clean energy economy. I look forward to working with my colleagues to realize that goal.