

ADVANCED ENERGY BUYERS GROUP

the policy voice of advanced energy purchasers

December 8, 2017

Senator Orrin Hatch, Chairman
Senate Finance Committee
SH-104
Washington, DC 20510

Senator Ron Wyden, Ranking Member
Senate Finance Committee
SD-221
Washington, DC 20510

Rep. Kevin Brady, Chairman
House Committee on Ways and Means
1011-LHOB
Washington, DC 20515

Rep. Richard Neal, Ranking Member
House Committee on Ways and Means
341-CHOB
Washington, DC 20515

Dear Chairman Hatch, Chairman Brady, Ranking Member Wyden, and Ranking Member Neal,

We appreciate the ongoing effort to advance tax reform that will make the nation's tax code more competitive. As the House and Senate go to conference committee on H.R. 1, the Advanced Energy Buyers Group respectfully shares our concern about provisions that could create the unintended consequence of increasing certain operating costs associated with the purchase of renewable energy. Combined with the positive elements of tax reform, expanding the use of such advanced energy technologies will make the United States economy more competitive and energy resilient.

Members of the Advanced Energy Buyers Group are among the 71% of Fortune 100 companies and 43% of Fortune 500 companies that have established renewable energy and/or energy-related climate targets as part of our corporate sustainability commitments.¹ Meeting these targets will reduce our energy costs, support new jobs in the United States, and fulfill the expectations of our consumers, employees, boards, and investors.

The Advanced Energy Buyers Group is particularly concerned about provisions in the House-passed tax bill that change the 2015 PATH Act, which provided a negotiated phase out of certain advanced energy technology tax credits, namely for wind and

¹ This letter represents the consensus view of the Advanced Energy Buyers Group, but does not necessarily reflect the position of any individual company.

solar. The proposed revisions to the PATH Act in the House version of tax reform would remove market certainty for businesses, and disrupt billions in ongoing investments. We respectfully request that the conference pursue the Senate approach and not change the PATH Act provisions under current law. Specifically, we are concerned about:

- **Section 3501(a)**, which repeals the inflation adjustment for all new wind energy projects and drastically reduces the value of the PTC.
- **Section 3501(b)**, which would change the safe harbor guidelines by requiring continuous construction for technologies to be eligible for the ITC and PTC, which is inconsistent with realistic construction schedules.
- **Section 3501(c)**, which applies changes to the ITC and PTC on a retroactive basis, undermining existing investments and fundamentally eroding investor confidence.

We recognize that in modernizing the tax code, there needs to be inclusion of provisions to appropriately protect the U.S. tax base. However, the Base Erosion Adjustment Tax (BEAT) as currently included in the Senate bill would create the unintended consequence of negatively impacting the tax equity market that renewable energy developers use to monetize the ITC and PTC.

As currently written, the BEAT provision would affect certain major investors and limit the tax equity market for renewable energy, while also applying this tax retroactively to current projects. We encourage Congress to amend the existing language to allow for a renewable energy exemption or a transition period for projects that begin construction before 2020.

Thank you for your consideration, and we look forward to working with you as the tax package is finalized.

Respectfully,

The Advanced Energy Buyers Group

<https://info.aee.net/ae-buyers-group>