

An Open Letter to Congress and the White House on COVID-19

COVID-19 is a public health crisis that calls for action

Every American and every citizen of the world has been forced to change their lives to confront the stark realities of COVID-19. First and foremost, this is a national public health emergency that could put millions of lives at risk in the United States, significantly stress the nation's hospitals and health care delivery infrastructure, and place an incredible burden on frontline health care workers. Second, the events that are unfolding are placing unprecedented economic pressure on businesses and workers directly impacted by travel restrictions and the necessity of social distancing. As we said in a letter to Congress, we applaud efforts to pass immediate emergency legislation to help the people and institutions most directly impacted. Protecting the public health is paramount, and helping the American people cope with the measures necessary to protect themselves, their families, and their communities is the solemn duty of our national leaders. They deserve our full support.

By way of background, advanced energy is a \$238 billion a year industry in the United States, with employment of 3.6 million people, growing nearly twice as fast as U.S. employment overall last year. Surveyed last fall, advanced energy employers projected 5% job growth in 2020, before the COVID-19 pandemic hit. Like many other industries, the advanced energy industry is now reeling, facing unprecedented disruption and dislocation. The industry is also doing its part to respond to the public health crisis, with companies stepping up to help every way they can. But the advanced energy industry cannot, any more than any other industry, carry on its own the burden of this unprecedented crisis, nor ensure its ability to contribute to the economic recovery that must follow.

Action is needed from the Trump Administration and Congress to recognize the impact of the crisis on a vital and growing U.S. industry. Action is needed to ensure that advanced energy companies are able to do what they can to help alleviate the current crisis. And action is needed to harness the dynamism of the advanced energy industry to accelerate the return to economic growth once the public health crisis has passed. It is no more than any industry should expect, and no less than is deserved.

Advanced energy companies are responding to COVID-19 needs

The advanced energy industry is responding to the immediate needs created by the COVID-19 crisis, with numerous advanced energy businesses stepping up to adjust production or use their purchasing power to help address shortages of key medical supplies, including masks and ventilators. For example, Elon Musk, founder of **Tesla**, an electric vehicle and solar company, has committed to producing ventilators and pledged to procure 250,000 masks; **Apple** CEO Tim Cook announced the company was able to source 10 million masks; KR Sridhar, CEO of fuel cell manufacturer and marketer **Bloom Energy**, announced the company is exercising its expertise in product end-of-life management to begin refurbishing thousands of out-of-service ventilators to address the current shortage; and **BYD**, an electric vehicle manufacturer, has created the world's largest mass-produced face masks plant, which is able to produce 5 million masks and 300,000 bottles of disinfectants per day. These examples from the advanced energy industry are just a few of the private businesses, nonprofits, and community leaders across the country that are responding to this national public health crisis impacting the United States today.

Advanced energy companies are impacted by the crisis

Federal, state, and local governments are taking aggressive, but necessary, actions to slow the spread of COVID-19. While these steps are critical to protecting public health, fighting COVID-19 will impact all industries and sectors of the economy in some way, with serious impacts to the livelihoods of American workers and their families. The advanced energy industry, which has been a growth engine for the broader economy, will not be spared from the economic hardship that is accompanying this pandemic and is already beginning to feel the effects.

AEE surveyed our membership to learn how advanced energy companies are responding to and are affected by COVID-19. The responses show that companies are already being impacted, and that those impacts are expected to grow:

- Nearly 43% of these businesses have halted hiring and another 21% have slowed hiring.
- Approximately 29% of businesses have been forced to reduce their workforce, and nearly 15% have reduced contract labor.
- Just under 54% are very concerned about supply chain disruptions.
- Almost 43% of companies are very concerned about long-term construction or manufacturing delays.
- Approximately 47% expressed great concern that staff was unable to perform work due to in-person restrictions.

Here are some telling comments from individual advanced energy companies:

- One advanced energy employer said: “We had to stop all non-essential operations; most employees won’t get paid.”
- One company in the electric vehicle (EV) school bus sector noted: “All procurements in the EV busing space have been put on hold. Our window to contract is March-August, in order to procure and interconnect over the 12 months after that, to be online for the 2021 school season. Missing this six-month sales window results in a full year delay.”
- One energy efficiency provider noted: “Our delivery model is 100% predicated on work onsite with small businesses and other commercial facilities, and our utility clients and small commercial customers pay us strictly based upon completed work resulting in energy savings achieved. Right now, nearly all our utility clients have directed us to stop all site work, grinding our entire business to a halt, and if the shutdown continues, we will be forced to furlough or layoff much of our workforce. We have 300 direct employees.... the work our teams generate feeds an ecosystem of supply chain partners and skilled trade contractors who together dedicate a work force in excess of 5,000 skilled and unskilled laborers providing the material and installation services that get these projects done. No one has revenue-generating work to do at the moment.”
- One solar company expressed concern that: “1) shelter in place orders are preventing us from constructing projects, which will result in major cash flow issues and potentially furloughs if these delays last longer than 3-4 months; and 2) the drying up of tax equity, which will prevent us from closing projects that are expected to close in the next 6-18 months.”
- A multi-faceted energy efficiency company said: “Some of our utility partners have halted marketing activities in light of COVID, which impacts our ability to deliver energy savings. Some appliance retailers announced that they will no longer install and haul away major appliances, so that may deter discretionary replacement.”



With more clarity and consistency, advanced energy can help states with their response

AEE applauds the rapid response efforts of governors across the nation who are seeking to limit the public health and economic impacts of the pandemic. However, a state-by-state approach creates challenges for advanced energy companies in their attempt to help, in such things as providing critical supplies to hospitals, health care workers, and other essential functions. State emergency declarations are widely inconsistent in definitions of essential and non-essential business. With emergency responses varying from state-to-state, companies are seeing manufacturing operations suspended in some states, but not others, disrupting the supply chain for even essential goods and services.

Our technologies have the ability to help provide critical resilience to the response efforts across the nation. Backup generation to keep the lights on at hospitals and clean energy microgrids at field hospitals are just two examples of the benefits advanced energy offers in current circumstances. Unfortunately, these companies, and the goods and services they provide, are seen as essential in some states and non-essential in others. The suspension of business in one state ultimately disrupts the supply chain serving others. All of these factors affect advanced energy companies' ability to support the national response to COVID-19 and their current workforce. Federal guidance is needed to help ensure that all options are on the table and our companies are able to do their part.

Advanced energy companies await federal action that is needed for the crisis and the recovery

As this crisis devastates the economy, the Trump Administration and Congress must take steps to preserve advanced energy businesses and the millions of American jobs they provide, just as they have done for many other impacted industries. Not all of these steps cost money. Federal leadership can help to provide clarity to the business community as it grapples with impacts from state-by-state emergency declarations and their varying requirements.

Federal action is also needed to address the construction delays and economic uncertainty that are jeopardizing advanced energy projects financed through existing federal tax credits, which will lose their value during economic contraction. Congress should modify tax credits for all eligible Section 48 technologies to receive 100% direct pay, and do so permanently, to ensure their eventual construction. Additionally, Congress should extend "start construction" and "safe harbor" project deadlines to qualify for tax credits to accommodate pandemic-related delays and disruptions happening now.

More will need to be done to address the challenges facing the energy efficiency and electric vehicle industries. As our survey notes, many energy efficiency providers have been forced to halt their business in residential and commercial buildings, particularly as utilities have ceased their efficiency programs. Electric vehicle manufacturers have been forced to stop operations, utilities have slowed charging infrastructure investment, and an overall downturn in auto sales will hurt investment in electric vehicle models. In response, Congress should enact policies that allow for companies to maintain their workforce in the near term, ensure that investment in these technologies continues, and the workforce can immediately get back to work once it is safe for work to resume.

Looking ahead, we can only anticipate a broader economic downturn from the fallout of COVID-19. We are currently reviewing policies that can position this industry, which has proven itself to be fast-growing, to serve as a key partner in economic recovery. Congress and the Administration should look to partner with industries like ours that are creating jobs, reducing costs for businesses to enhance global competitiveness, and



attracting private capital to multiply the investment of taxpayer dollars. The advanced energy industry can help on each of those fronts, and we look forward to working with the Trump Administration and Congress to stem the immediate economic impacts from COVID-19, and to support a rapid economic recovery when the public health crisis is behind us.

