

Diane Voss

From: Katie Rock <katie.rock@sierraclub.org>
Sent: Tuesday, May 5, 2020 4:26 PM
To: MayorCouncil@cityofames.org
Cc: DONALD KOM
Subject: Sign-On Letter: Supporting clean energy in the next federal stimulus
Attachments: Final COVID Clean Energy Jobs Memo.pdf; Iowa BCC Clean Energy Stimulus Letter.pdf; 2020-04-23 CEG, RW, et al to Treasury (Energy Tax Credits Safe Harbor).pdf

Dear Mayor Haila and the Ames City Council -

How are you? This week I'm circulating a sign-on letter as part of a federal advocacy push by the Sierra Club Beyond Coal campaign focusing on clean energy jobs. Attached is the letter itself, a memo detailing impacts of the coronavirus on the clean energy industry, and a bipartisan letter signed by Senator Grassley to Treasury Sec. Mnuchin for an overview.

I'm reaching out to you all first to see if the city of Ames would be interested in signing on in our first round of outreach.

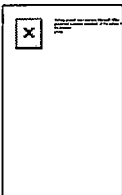
Our policy asks are threefold:

- Extending the production tax credit and investment tax credit for clean energy technologies and, expanding eligibility to stand-alone energy storage projects,
- Lifting the cap on the tax credit for electric vehicles,
- Extending and modifying critical residential and commercial tax incentives for energy efficiency.

Please let me know if you have questions. I'm happy to talk whenever. Our goal is to have all signatures by May 15th. Hope you all are having a good week and staying healthy.

Talk soon,
Katie

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Katie Rock
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Beyond Coal Campaign
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COVID-19 IMPACTS ON CLEAN ENERGY JOBS & WORKERS

Your attention to protection of public health, our communities and workers has been an essential top priority. While we hope the entire economy is able to make a swift recovery, we wanted to highlight specific damage to the clean energy economy, which we know best, and what that will mean for the roughly 3.4 million Americans who work in a sector whose jobs are in serious peril due to the economic downturn caused by COVID-19.

Technology Specific Issues

Energy Efficiency - Energy efficiency efforts are shutting down due to COVID-19, threatening jobs and savings (Utility Dive)

- Energy efficiency workers install efficiency upgrades like tighter windows and insulation, construction workers building new efficient homes and the folks who design and manufacture energy efficient products—including ENERGY STAR appliances and equipment. In fact, 1.3 million of the jobs – almost half – are in the construction industry.
- A recent report showed energy efficiency now supports at least 2.38 million U.S. jobs--and last year represented the majority of new jobs in the energy sector, but these jobs are now in jeopardy amid the COVID-19 pandemic, with layoffs already hitting hard.

Energy Storage - 'Devastating.' 62% of energy storage firms hit with delays (E&E)

- Energy storage is the catch-all term for batteries and other technologies that store energy for later use. Employing over 60,000 people, it is a fast-growing part of the energy landscape, delivering half a gigawatt of storage to the United States last year and projected to reach more than 7 GW by 2025.
- Almost two-thirds of energy storage businesses are seeing delays related to the new coronavirus, which could lead to an "immediate and potentially devastating" impact, according to a trade group survey.

Electric Vehicles - Electric vehicle sales slated for big drop (Axios)

- Analysts such as Morgan Stanley predicted auto sales across the board down over 30% this year.
- EV production and its supply chain face a particular challenge in this environment. As an emerging part of the vehicle market, the adverse impact on the electric transportation will be magnified, with significant implications for the supply chain, workforce, and competitiveness with overseas manufacturers who have more support from their governments.
- The EV industry now boasts over 200,000 American jobs, but was already facing a phased down EV incentive and the Trump Administration rollback of fuel economy and greenhouse gas emissions standards. The EV sector and the thousands of jobs it supports could witness irreversible, long-term damage.

Solar Energy - U.S. Solar Workforce Could Be Halved By Virus, Group Says (Bloomberg)

- Early estimates from Bloomberg New Energy Finance and Roth Capital Partners suggest that the solar industry could suffer losses between 16% and 30% of volume this year and that some sectors, including the residential sector that employs tens of thousands of Americans, could see as much as 50% reduction in jobs. If that happens, the industry could lose roughly 38,000 to 120,000 jobs compared to the 250,000 employed in solar in 2019. These losses would all be attributed to COVID-19. Prior to this crisis, the solar workforce was expected to grow to 294,000 this year.

Wind Energy - 'A crisis unlike anything the market has ever seen' (E&E)

- The impact of COVID-19 on the wind industry will be significant—an estimated 25 GW of wind projects are at risk, representing \$35 billion in investment; the potential loss of over \$8 billion to rural communities in the form of state and local tax payments and land-lease payments to private landowners; and the loss of over 35,000 jobs, including wind turbine technicians, construction workers, and factory workers.

Industry Wide Issues

Layoffs & Furloughs

Clean energy jobs are often construction jobs. To enforce social distancing, governors of a growing number of states have issued executive orders that prohibit construction, even for construction where social distancing and no-contact job site procedures can be observed. This has had an immediate and direct impact on companies' ability to retain construction workers. While companies hope to quickly rehire workers once normal operations resume, the crisis could cause major disruptions to project pipelines and availability of tax equity financing, rendering tax credits unusable.

Permitting & Inspection Delays and Project Development Disruptions

For small-scale clean energy developers, the closure and reduced staffing of local governments and building departments has stopped or delayed permit processing and inspections, slowing down or cancelling construction. Some jurisdictions such as New York City have ceased all permit processing, which could lead to additional delays once construction resumes. Large-scale clean energy projects are subject to project development milestones for permitting, environmental reviews, state and federal incentives, financing and interconnection to the electric grid. Project developers must satisfy various milestone deadlines in order to move projects forward. COVID-related impacts have delayed and disrupted developers' ability to meet these deadlines, threatening projects and jobs.

Supply Chain Disruptions

Supply chain disruptions are delaying construction timetables and undermining the ability of wind, solar and hydropower developers to qualify for time-sensitive tax credits and meet other project development milestones. COVID-19 disruptions are impacting equipment manufacturers, which have shut down factories or reduced production, as well as international shipping and logistics companies.

Lack of Tax Equity Liability = Inability to Use Tax Incentives

In order to utilize federal and state tax credits for clean energy installations, many project developers use tax equity investors (e.g. banks) to convert their credit value into cash. As a result of the massive financial losses from COVID-19, tax equity investors will have significantly lower tax liabilities and tax equity investment will diminish, preventing the ability of clean energy companies to utilize their tax credits, upending project economics and clean energy deployment. In addition, other incentives where taxpayers generally claim tax credits themselves will be less effective if the firms and individuals engaging in the incentivized activity have less (or no) tax liability.

Reduced Demand

During this public health crisis, U.S. households are more reluctant to open their doors to complete energy efficiency upgrades or install energy equipment, such as solar energy system or an electric vehicle charger. In addition to affecting the jobs of installers, this development also affects factory workers upstream, who manufacture energy-saving and clean energy products, jeopardizing even more jobs. A new [report](#) shows energy efficiency now supports at least 2.38 million U.S. jobs, roughly half of which are in the construction industry, and the solar industry supports 250,000 jobs.

Signed:

Advanced Energy Economy (AEE)
American Council on Renewable Energy (ACORE)
American Wind Energy Association (AWEA)
Business Council for Sustainable Energy (BCSE)
Business Network for Offshore Wind
Electric Drive Transportation Association
Energy Storage Association (ESA)
Environmental Defense Fund (EDF)
Environmental Law & Policy Center
E2 (Environmental Entrepreneurs)

Environmental Working Group (EWG)
EV Drive Coalition
League of Conservation Voters (LCV)
National Audubon Society
National Wildlife Federation (NWF)
Natural Resources Defense Council (NRDC)
Sierra Club
Solar Energy Industries Association (SEIA)
Sunrun
Union of Concerned Scientists (UCS)

April 30, 2020

Sen. Joni Ernst
730 Hart Senate Office Building
Washington, DC 20510

Rep. Abby Finkenauer
124 Cannon House Office Building
Washington, DC 20515

Sen. Charles Grassley
135 Hart Senate Office Building
Washington, DC 20510

Rep. Dave Loebsack
1211 Longworth House Office Building
Washington, DC 20515

Rep. Cindy Axne
330 Cannon House Office Building
Washington, DC 20515

Rep. Steve King
2210 Rayburn House Office Building
Washington, DC 20515

Dear Members of the Iowa Delegation:

We write to thank you for your continued work to address the COVID-19 crisis, the immediate health and human needs that have resulted, and its economic fallout. We also strongly support your efforts to craft further COVID-19 legislative packages, including stimulus policy to support economic security for workers and industries that are important to our country's future, which will put unemployed people back to work building our country back better. As you consider future legislation, we ask that you prioritize the inclusion of specific policies supporting clean energy workers and businesses, which are important to Iowa's economy and public health.

There are over 31,000¹ jobs in the clean energy industry across Iowa, with many of those jobs coming from small businesses. But the industry is being greatly harmed by delivery delays, forced employee absences, supply chain disruptions, financing challenges, and project cancellations and postponements due to the COVID-19 crisis.

Every part of the clean energy sector is being hit from orders of solar installations, to stoppages of energy efficiency retrofits and construction, to delays and cancellations of larger clean energy and energy storage projects. Nationally, data from the U.S. Labor Department shows that 106,000 clean energy jobs were lost in March alone, and some analyses anticipate that 500,000 more clean energy workers could be forced out of a job in the coming months.

Congress can keep renewable projects from failing and protect over 3.5 million² clean energy jobs by:

- Immediately providing direct payments and refundability of tax credits for the next 18 months
- Extending the safe harbor provisions and commence construction deadlines at credit levels currently in place for clean energy projects

¹ <https://www.cleanjobsmidwest.com/state/iowa>

²

<https://www.aee.net/articles/advanced-energy-gains-125000-jobs-in-2018-growing-twice-as-fast-as-u.s.-employment-overall>

These measures will ensure companies don't lose a productive year as credits decline. This will keep projects moving and prevent job losses and a dramatic contraction of the clean energy industry, which uniquely affects Iowa.

But Congress must do more than just help stop the immediate economic pain; we need to build back better and more resiliently, making sure that our clean energy industry recovers and continues to grow. We also cannot fail to connect our health to our energy sources - switching to clean energy and electric vehicles reduces air pollution and improves public health, *especially respiratory health*.

Nationally the clean energy sector remains the strongest engine of job growth heading into the crisis. Holding this momentum will help lead Iowans out of our current economic lull. Iowa leads the midwest in wind and is poised for new expansion in solar energy and transmission infrastructure.

Congress can help the industry recover from the COVID-19 crisis by:

- Extending the production tax credit and investment tax credit for clean energy technologies and, expanding eligibility to stand-alone energy storage projects,
- Lifting the cap on the tax credit for electric vehicles,
- Extending and modifying critical residential and commercial tax incentives for energy efficiency.

Extending and expanding these tax incentives will help provide the industry the near- and long-term certainty needed for continued growth, creating thousands more jobs and significant public health benefits, while cutting emissions fueling climate change.

Sincerely,

United States Senate

WASHINGTON, DC

April 23, 2020

The Honorable Steven T. Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Secretary Mnuchin,

As the ongoing COVID-19 crisis continues to claim lives and cause economic disruption and uncertainty, it is vital that the government take whatever reasonable steps possible to allay unforeseen burdens on American families and businesses. In that spirit, we urge you to extend the continuity safe harbor, provided under existing Treasury Department guidance, for both the production tax credit (PTC) and energy investment tax credit (ITC), from four years to five years for projects that started construction in 2016 or 2017. This modest adjustment to the PTC and ITC guidance would help preserve tens of thousands of jobs and billions of dollars in investments and provide some certainty in these challenging times.

Under current law, taxpayers seeking to claim a PTC for electricity produced from qualifying facilities or an ITC for qualifying energy property must generally begin construction of the qualifying facility or property by specified dates.¹ Under current Internal Revenue Service (IRS) guidance, a taxpayer is treated as having begun construction by starting physical work of a significant nature or, alternatively, by satisfying safe harbor requirements by incurring 5 percent or more of the total cost of the facility or property.² The taxpayer must then demonstrate continuous efforts to complete construction and can be deemed to satisfy this requirement if the facility or property is placed in service within four years (“continuity safe harbor”).³ These safe harbors provide certainty and flexibility to taxpayers, and prevent costly and unnecessary disputes over the various facts and circumstances related to the financing, permitting, and construction of energy facilities.

In addition to its severe toll on human lives, the COVID-19 crisis has disrupted supply chains, construction operations, and permitting timelines, delaying projects otherwise on track to be in operation by the end of 2020. While existing IRS guidance provides certain exceptions for specified setbacks in construction, these exceptions do not anticipate nor fully capture the wide-ranging interruptions now faced by developers. Providing a temporary extension of the continuity safe harbor of five years, in lieu of the current four, would address the unforeseen interruptions developers are experiencing due to COVID-19 and provide the certainty businesses need to move forward with existing projects.

¹ See, e.g., IRC § 45(b)(5), § 45(d), § 48(a)(2)-(7), and § 48(c).

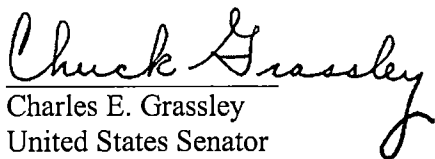
² IRS Notice 2013-29, 2018-59.


³ IRS Notice 2016-31, 2018-59.

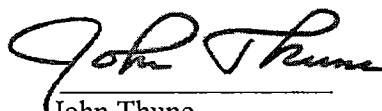
As Congress and the Administration continue to work to provide relief and assistance to Americans grappling with fallout of COVID-19, this simple modification would provide significant benefits to an important and growing sector of the American economy.

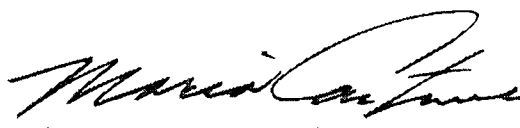
We appreciate your time and attention to this important matter and look forward to your prompt response.

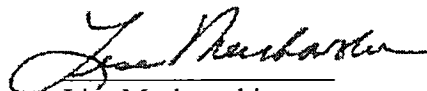
Sincerely,

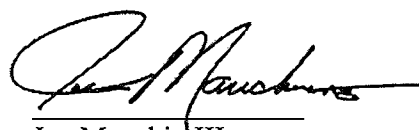

Charles E. Grassley
United States Senator


Ron Wyden
United States Senator


John Thune
United States Senator


Maria Cantwell
United States Senator


Lisa Murkowski
United States Senator


Joe Manchin III
United States Senator