



November 22, 2021

The Honorable Charles Schumer
Majority Leader
U.S. Senate
S-221, The Capitol
Washington, DC 20510

The Honorable Richard Durbin
Majority Whip
U.S. Senate
S-321, The Capitol
Washington, DC 20510

The Honorable Patty Murray
Assistant Democratic Leader
U.S. Senate
154 Russell Senate Office Building
Washington, DC 20510

The Honorable Debbie Stabenow
Chairwoman of Policy & Communications
Committee
U.S. Senate
419 Hart Senate Office Building
Washington, DC 20510

RE: 100% Direct Pay is a Win in the Fight Against Climate Change

Dear Senate Majority Leader Schumer, Majority Whip Durbin, Assistant Democratic Leader Murray, and Chairwoman of Policy & Communications Committee Stabenow:

As Congress continues its work on the Build Back Better Act, the members of the Partnership for Clean Energy Investment (PCEI) urge you to prioritize the inclusion of policies that focus on clean energy and investment in climate solutions. PCEI is a diverse coalition of stakeholders that represent a cross-section of the clean energy value chain, from companies building solar and wind energy to national trade associations, environmental groups, think tanks, and major buyers of clean energy.

We recognize and appreciate your continued and steadfast work to ensure this legislation makes meaningful progress to reduce carbon emissions in the economy and draw your attention to one crucial policy: 100% direct pay. 100% direct pay for clean energy tax credits, including the expanded and extended ITC and PTC, is immediate, cost-effective, and impactful. For example, it will give solar and wind projects that are otherwise ready to start construction access to necessary financing, producing over 200,000 jobs and 20,000 megawatts in 2022-23.¹

There is chronic shortage of financing in the tax equity market that was created to monetize the value of the tax credits for developers that lack the tax liability to do so – this includes public power and non-profits, who legally cannot access these tax credits. Providing 100% direct pay will also significantly expand the opportunity for businesses of all sizes to deploy renewable energy within their operations. Perhaps most importantly, 100% direct pay would make renewable energy more accessible for community-scale projects, and businesses in disadvantaged and economically challenged communities. Today, many of these businesses are unable to deploy renewable energy despite the significant long-term economic and

¹ <https://www.bloomberg.com/news/articles/2020-07-15/covid-likely-created-23-billion-shortfall-for-u-s-clean-energy>

environmental benefits they could achieve, simply because they are too small to be considered for traditional tax equity financing.

As Congress works to fulfill President Biden’s ambitious clean energy and climate goals, the addition of clean energy tax credits for new fuels and technologies will further constrain the tax equity market. Without the option of 100% direct pay, clean energy projects will face further delay and project sponsors may have to withdraw the planned installations – and the jobs that go with them. Direct pay will allow participants to access the ITC and PTC and finance projects using standard debt and equity terms.

With greater competition and access to capital, 100% direct pay would efficiently deliver clean energy, climate, and economic goals for customers, communities, and the country. It will be essential in helping America meet President Biden’s goal of a 50% reduction of greenhouse gas emissions over 2005 levels by 2030. A recent Rhodium report finds that, as part of a larger suite of legislative changes, direct pay could cut emissions as much as 73% below 2005 levels — up to eight times more emission reductions when compared to a simple extension of the existing traditional tax credit regime at full credit values.²

Now is the time for bold action. Meaningful federal policies – like those included in The Clean Energy for America Act– are needed to address the growing threat of climate change. 100% direct pay will unlock billions of dollars in new clean energy investments and pave the way for long-overdue 21st century opportunities. It’s the best path to maximizing private investment in American jobs and economic recovery and the key to ensuring U.S. projects access capital at low cost, high speed, and with greater certainty.

America needs urgent action to unleash capital for clean energy investment to meet the challenges of climate change today and the opportunities of tomorrow. Congress must act now to ensure 100% direct pay for expanded and extended clean energy tax credits is included in the final reconciliation bill.

Sincerely,

The Partnership for Clean Energy Investment,

Ameresco
Apex Clean Energy
BlueWave Solar
Blue Horizon Energy
CleanCapital
Colorado Solar and Storage Association
National Ocean Industries Association

NOVUS Energy Advisors
Raise Green
Sol Systems
Third Way
Xcel Energy
8minute Solar Energy

² <https://rhg.com/research/build-back-better-clean-energy-tax-credits/>