



Biomass Power Association Joins Other Baseload Renewable Energy Industries to Call for a Long-Term Extension of the Production Tax Credit

November 23, 2015, Washington, DC -- The Biomass Power Association today joined with the National Hydropower Association and Energy Recovery Council to send the following letter to Congressional leaders, encouraging a long-term extension of the Section 45 Production Tax Credit (PTC):

Dear Majority Leader McConnell, Minority Leader Reid, Speaker Ryan, Minority Leader Pelosi, Chairman Hatch, Ranking Member Wyden, Chairman Brady and Ranking Member Levin,

We write to you today on behalf of the Biomass Power Association, National Hydropower Association and Energy Recovery Council to advocate for the long-term extension of the temporary tax incentives for production of electricity from biomass, hydropower and waste-to-energy.

To create a level playing field for these renewable electricity generation technologies we recommend that the tax credits be extended retroactively from January 1st of this year, and extended prospectively for at least several additional years. Similarly, a phase-out of tax incentives for baseload renewable electricity technologies is unwarranted, given the fact that baseload renewable technologies have had access to tax incentives for a much shorter time period and have not grown at nearly the pace of intermittent renewable electricity technologies in recent years.

Baseload renewable energy technologies generate constant, reliable baseload renewable power – attributes that are critical to the functioning and stability of the electric grid and the U.S. renewable energy portfolio. Since these technologies were made eligible for renewable energy tax incentives in 2004 and 2005, they have been prevented from achieving their true potential for developing new facilities by several vagaries of the Code. The brief one- and two-year extensions of the tax credits especially have handicapped developers of these facilities that take as many as six or seven years to place in service. Then, when the "begin construction" rule was adopted, no provision was made for the unique circumstances that many technologies face. Hydropower, for instance, has to satisfy a 2-4 year licensing process during which the time period for beginning construction may run out.

Biomass power is found in more than 20 states, provides approximately 14,000 jobs and \$1 billion to the U.S. economy. Biomass power creates a much-needed market within the forest products economy as pulp and paper markets decline, helping keep forests maintained and healthy. It is, in the words of EPA Administrator Gina McCarthy as she recently toured a biomass facility in New Hampshire, "an important part of our low-carbon future."

Hydropower is the nation's largest source of renewable electricity, providing close to 7 percent of the nation's electricity generation - supplying reliable, low cost, carbon free power to nearly 30 million American homes. Hydropower also plays a large role in reducing the nation's carbon footprint by helping the U.S. avoid approximately 200 million metric tons of CO₂ annually.

There are 84 waste-to-energy (WTE) facilities located in 23 states, with a total economic impact of \$5.6 billion and 14,000 jobs. These facilities have a nameplate electric capacity of 2,554 megawatts and generate more than 14.5 billion kilowatt hours of clean, renewable energy per year by safely processing more than 30 million tons of municipal solid waste per year. According to EPA, WTE facilities reduce the release of greenhouse gases to the atmosphere by approximately one ton of CO₂ equivalents for every ton of municipal solid waste combusted.

With consideration of the significant public policy benefits associated with the production of baseload renewable electricity we would respectfully ask that you include a long-term extension of these credits in any end of the year tax extension package, and similarly, that you reject a phase-out of tax incentives for baseload renewable energy technologies.

Sincerely,

Robert E. Cleaves, IV
President and CEO
Biomass Power Association

Linda Church Ciocci
Executive Director
National Hydropower Association

Ted Michaels
Executive Director
Energy Recovery Council

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Biomass power is a \$1 billion industry with 80 facilities in 20 states and provides over 15,500 jobs nationwide. Power plants are predominantly located in rural communities, creating thousands of jobs and producing millions in revenue for small towns. Biomass power is a clean and abundant source of electricity that will allow states to pursue even more aggressive goals for increasing their use of renewable energy in the future.