

August 11, 2021

The Honorable Richard Neal
Chairman
House Ways and Means Committee
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mike Thompson
Chairman
Select Revenue Measures Subcommittee
House Ways and Means Committee
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
House Ways and Means Committee
1139 Longworth House Office Building
Washington, D.C. 20515

The Honorable Adrian Smith
Ranking Member
Select Revenue Measures Subcommittee
House Ways and Means Committee
1139 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Neal, Ranking Member Brady, Chairman Thompson and Ranking Member Smith:

As the Ways and Means Committee drafts budget reconciliation legislation, the undersigned organizations encourage you to include an investment tax credit (ITC) for regionally significant transmission in your final recommendations. We are a diverse coalition of stakeholders representing a broad cross-section of the U.S. economy, including environmental organizations, electric utilities, renewable energy companies, transmission developers, business associations, labor unions, and clean energy trade associations dedicated to realizing a decarbonized North American energy grid. The investment tax credit is a critical element in realizing that goal.

Rep. Steven Horsford and Sen. Martin Heinrich have introduced bicameral transmission ITC legislation the last two Congresses (*the Electric Power Infrastructure Improvement Act, H.R. 2406/S. 1016*). Additionally, a transmission ITC was included in both the Biden Administration's American Jobs Plan and the Senate Finance Committee's *Clean Energy for America Act (S. 1298)*. The growing momentum for a transmission ITC is grounded in the broadly recognized need for dramatically expanded high-voltage transmission to successfully decarbonize the grid – and the uniquely impactful role a transmission ITC can play in accomplishing that objective by reducing the cost of substantial projects on behalf of customers and recognizing the wide-ranging benefits of resilience and integration of renewable resources. A well-designed transmission ITC, with appropriate guardrails on eligibility and usable by all types of transmission developers, can spur needed investment in large-scale transmission necessary to cost effectively decarbonize the electric grid. It will also help to keep customer electric rates affordable by directly reducing, through the tax credit, the customer cost of transmission.

According to the Princeton University Net-Zero America study, achieving a net-zero economy by 2050 will require a 60% expansion of high-voltage transmission by 2030, at a cost of \$360 billion in total investment. An April 2021 Americans for a Clean Energy Grid report identified 22 “ready-to-go” high-voltage transmission projects capable of increasing renewable production on the grid by 50% from current levels. And an MIT analysis concluded that high-voltage transmission can reduce the cost of grid decarbonization by 46% relative to the current transmission-constrained system.

While we applaud the Senate-passed *Infrastructure Investment and Jobs Act* for recognizing the need for more transmission, it is important to note that the bipartisan infrastructure package does not contain \$73 billion for new, high-voltage transmission projects. Rather, its two major provisions on transmission address different aspects of the transmission challenge but will not in and of themselves deliver on the overarching objective. Specifically, transmission siting reform may help with permitting new lines, but it will not resolve the cost-allocation hurdle that has stymied transmission build-out for over a decade. Additionally, the \$2.5 billion in borrowing authority for the transmission facilitation program will provide support to less than a quarter of today's 22 "shovel-ready" projects that are far enough along in development to begin meeting decarbonization goals in the near future.

Finally, as you are aware, *the Infrastructure Investment and Jobs Act* no longer addresses the interregional, interstate highway-type lines for which the current U.S. regulatory structure has no functioning means of cost recovery. Even if the Federal Energy Regulatory Commission decides to act on its own authority in this area, that process has historically been time-consuming, characterized by significant uncertainty and subject to lengthy judicial review. A federal transmission ITC would give private capital the certainty it needs now to invest in the national, high-priority lines that will serve as the backbone for America's clean energy grid.

In order to expand and upgrade the nation's high-voltage transmission system on the scale required to meet climate goals at the lowest possible cost to consumers, we respectfully request the inclusion of a transmission ITC in the Committee's budget reconciliation package this year.

Thank you for your consideration.

Sincerely,

Advanced Energy Economy
ALLETE Clean Energy
Ameren
American Clean Power Association
American Council on Renewable Energy
Americans for a Clean Energy Grid
Apex Clean Energy
BayWa r.e.
Berkshire Hathaway Energy
Clean Air Task Force
Climate Crisis Policy
Cypress Creek Renewables
EDP Renewables North America
Enel Green Power North America
Enel X, North America
ENGIE Renewables North America
Environmental Defense Fund
E2 (Environmental Entrepreneurs)
Evergreen Action
GridLiance
Grid United
IBEW Local Union 1245

Inside Straight Strategies
Invenergy
ITC Holdings Corp.
League of Conservation Voters
MidAmerican Energy
National Audubon Society
National Electrical Manufacturers Association
National Grid
National Wildlife Federation
NGI Consulting
Niskanen Center
Nordex
NRDC
NV Energy
Ocean Winds
Pattern Energy
PacifiCorp
Pine Gate Renewables
Renewable Energy Buyers Alliance (REBA)
RMI
SAFE
Savion, LLC
Solar Energy Industries Association
SOO Green HVDC Link Project Co, LLC
Third Way
Transwest
Tri-State Generation and Transmission Association
Union of Concerned Scientists

cc: Members of the House Ways and Means Committee
Speaker Nancy Pelosi
Minority Leader Kevin McCarthy
Majority Whip Steny Hoyer
Republican Whip Steve Scalise