

Durable Energy Tax Policies Improve American Competitiveness

The Business Council for Sustainable Energy (BCSE) supports policies that unleash our country's affordable and reliable energy resources and provide for American prosperity.

America needs a broad portfolio of energy solutions – including those in the energy efficiency, renewable energy, and natural gas sectors – to drive a sustainable, vibrant, and efficient U.S. economy.

BCSE supports tax policy as a market-based tool to create signals to invest in efficient and modern energy products and services.

These are crucial to meeting growing energy needs, leveraging private sector dollars, and deploying demand- and supply-side energy efficiency solutions that keep energy costs down.

Tax policy should be coupled with:

- **The reform of permitting and siting processes** to modernize the electric grid and enable the build-out of efficient energy infrastructure and buildings, as well as the integration of new and flexible energy resources.
- **Trade policies** that support the build-out of domestic supply chains needed to maintain U.S. leadership in manufacturing and production.
- Continued funding for **research, development, demonstration, and deployment** of energy and carbon management technologies.

These policies will work together to support U.S. innovation in expanding energy markets.

American energy resources can lower prices, meet growing demand, and **increase our competitive edge** in global markets.

Meeting Growing Needs with American Energy

BCSE supports durable energy tax policy that will help leverage private sector investment to improve U.S. energy security and create economic development and jobs.

BCSE urges Congress to:

- **Maintain the full set of the existing energy tax credits** in vital areas such as energy efficiency, carbon capture and storage, renewable energy, hydrogen, and clean fuels for the full eligibility period of up to 10 years.
- **Extend the Investment Tax Credit (ITC)** for technologies including fuel cells, qualified biomass property, and microgrid controllers that are set to expire December 31, 2024.
- Continue to **implement the tax credits** that were extended and modernized as part of the Inflation Reduction Act (IRA).

These credits support the wide-scale deployment of energy solutions in the United States and are creating millions of jobs, bringing new manufacturing and supply chains onshore, and delivering billions of dollars in economic investment to American communities.

This document outlines priority areas among BCSE energy industry sectors regarding the implementation of existing tax credits and other tax policies where there is still a pressing need.

Please note, as a diverse business coalition, not all BCSE members support or take a position on the recommendations outlined in these comments.

Tax Policy Is a Bipartisan Energy Investment Accelerator

Since the 1970s, Congress has enacted energy credits in the tax code on a bipartisan basis to incentivize production of innovative energy technologies in the United States.

The Investment Tax Credit (ITC), first enacted in the [Energy Tax Act of 1978](#), was intended to encourage commercialization of a broad range of energy technologies and resources. The ITC has been extended and expanded multiple times over subsequent years and has been determined as a percentage of the taxpayer's basis in, or cost of constructing or acquiring, eligible property.

In 1992, Congress established the [Production Tax Credit \(PTC\)](#), which was focused on incentivizing investment in a broad range of renewable energy technologies. The [Energy Policy Act of 2005](#) expanded the suite of credits available for technologies, such as solar, fuel cells, microturbines, and energy-efficient products. Since their inception, these credits have been structured to focus on specific technologies and were extended on a short-term basis by Congress, often for a one- or two-year duration and, several times, on a retroactive basis.

These short-term extensions – and the retroactive extensions – led to business uncertainty and an uneven, boom-and-bust cycle of deployment. In addition, the

Energy Tax Measures Create Jobs and Support Local Economic Development

The energy investments from the Inflation Reduction Act (IRA) are **spurring economic growth in the communities that need it most.**

Over 80% of post-IRA investments have gone to counties with [below-average wages](#) and more than 85% have gone to counties with below-average college graduation rates.

States like [Texas](#), [Arizona](#), [New York](#), and [Ohio](#) have had the highest innovative energy investment by the private sector, with 47,000 jobs created in [energy communities](#), and investment in manufacturing facilities.

unpredictable status of the measures created a situation in which several eligible technologies with longer project development cycles, including hydropower, biomass, and waste-to-energy, were unable to utilize the credit.

In 2022, as part of the Inflation Reduction Act (IRA), these credits were expanded and modernized, and a 10-year duration was established for their use. **This 10-year window provides businesses and consumers with the predictability needed to make investment decisions.**

The legislation also brought about significant reforms in the nation's approach to energy tax policy by requiring the U.S. Department of the Treasury to issue guidance establishing a technology-neutral tax policy to replace the existing production and investment tax credits. The technology-neutral policy provides credit to energy facilities that achieve net zero greenhouse gas emissions.

The credits are intended to provide the ability for new energy technologies to develop over time, while also providing long-term clarity and certainty to investors and developers of commercially available energy technologies.

The energy investments from the **Inflation Reduction Act (IRA)** are delivering billions of dollars in **economic investment** to American communities.

Please see BCSE's blog [here](#) with resources on the economic impact of energy tax credits.

BCSE Views Regarding Needed Flexibility and Certainty in Existing Tax Measures

BCSE supports tax policy and incentives that provide industry with needed flexibility to attract investment and support the wide-scale deployment of energy technologies in the United States, including strong support for the energy tax incentives that were passed as part of the Inflation Reduction Act (IRA).

Through the public review and comment process, BCSE has [sought clarifications](#) in numerous IRA guidance documents proposed by the U.S. Department of the Treasury, asking for flexibility, certainty, and predictability in order to allow a broad range of energy technologies to utilize the credits and maximize their benefit.

Additional Tax Policy Recommendations for the 119th Congress

BCSE also supports congressional consideration of other tax policies for which there is still a pressing need, including:

- 1** Establish tax incentives to help **maintain energy infrastructure** to fulfill federal safety and environmental regulations and to **maintain reliable energy systems** across the country, as well as incentives to **ensure domestic supply chains** needed for U.S. manufacturing and energy production.
- 2** Extend credits for Investment Tax Credit (ITC) **technologies** such as fuel cells, qualified biomass property, and combined heat and power (CHP), the 45Z clean fuel production credit, and the Section 6426(d) alternative fuel excise tax credit, among others.
- 3** Update the ITC technology neutral tax framework to include [energy efficiency investments](#).
- 4** Encourage research and development of new energy technologies through measures such as **restoring the full value of the research and development (R&D) tax deduction** so businesses of all sizes can immediately deduct the cost of their U.S.-based R&D investments.
 - Plus, allow interest deductibility and expensing to ensure continued flexibility.
- 5** Establish **new tax credits and bonds for rural communities** to boost investment in infrastructure and other public projects by providing affordable access to the large taxable bond market.
- 6** **Assist municipalities** through tax measures such as preserving the tax-exempt status of municipal bonds and opposing efforts to cap the value of certain tax benefits, including interest earned on new and outstanding state and local tax-exempt bonds.
 - In addition, Congress should reinstate advance refunding of tax-exempt municipal bonds to help lower borrowing costs and encourage investments in local energy infrastructure.
- 7** Establish an **inflation adjustment** for existing credits, including the carbon sequestration 45Q credit.
 - Extend the commence-construction deadline, direct pay for the full crediting period, and the 12-year claim period of the 45Q credit, respectively.
 - In addition, revise the 45Q credit to allow tolling at any point during the crediting period if the facility ceases to operate due to a federally-declared disaster or other circumstances beyond the operator's control.
- 8** Maintain the **45V hydrogen production tax credit** and **45Q carbon sequestration credit**.

Permitting Reform and Secure Critical Minerals Supply Chains Will Increase Energy Security

Our nation’s energy system is transforming and modernizing, and it relies on the expansion of energy supply, new infrastructure, and secure supply chains. **Federal permitting and siting processes cause bottlenecks and leave projects stranded in development for far too long.**

On federal lands, it can take roughly [four years](#) to construct utility-scale wind and solar projects, [seven to ten years](#) to obtain a mining permit, and [ten years](#) to build a new transmission line.



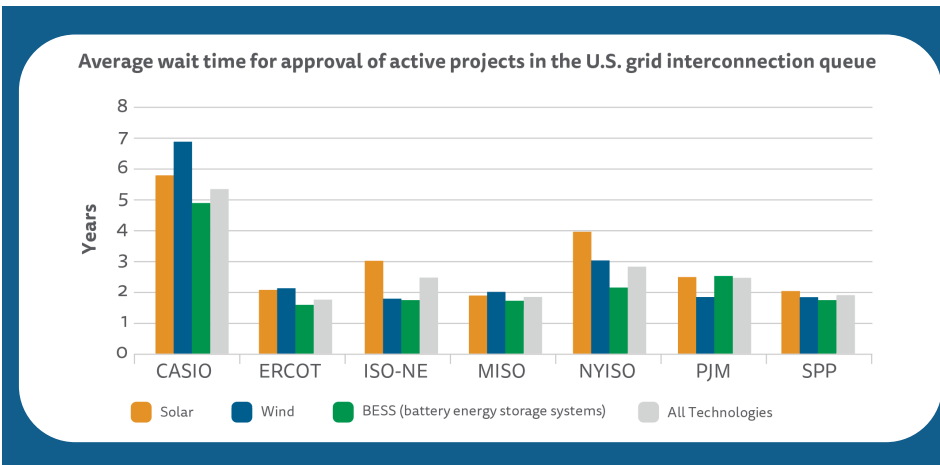
On federal lands, it can take roughly four years to construct utility-scale wind and solar projects, seven to ten years to obtain a mining permit, and ten years to build a new transmission line.

Whether constructing a new solar or wind farm, transmission line, or hydrogen or natural gas facility, these technologies and related infrastructure are subject to an antiquated permitting system that too often results in unnecessary delays.

In just one example, over 1,100 GW of projects were still undergoing interconnection studies in the seven U.S. independent system operators as of January 2024, according to the [2024 Sustainable Energy in America](#)

[Factbook](#). This inaction jeopardizes millions of dollars of private sector investment and halts job creation and economic development in the communities that need it most.

The federal permitting process also inhibits our manufacturing sector, raising production costs and slowing efforts to onshore supply chains and provide affordable, abundant, clean energy.



U.S. energy infrastructure needs reform of regulatory timelines and processes.

As of January 2024, more than 1,100 GW of projects were undergoing interconnection studies in the seven U.S. independent system operators.

Source: [2024 Sustainable Energy in America Factbook](#)

BCSE Policy Recommendations on Energy Permitting Reform and Modernization

Permitting reforms are needed to address the immediate challenges with the nation's existing electric generation, transmission, and distribution equipment. This equipment needs to be modernized – using current technology – to better integrate new energy resources and manage new expected load demands, as well as to support demand response and distributed generation.

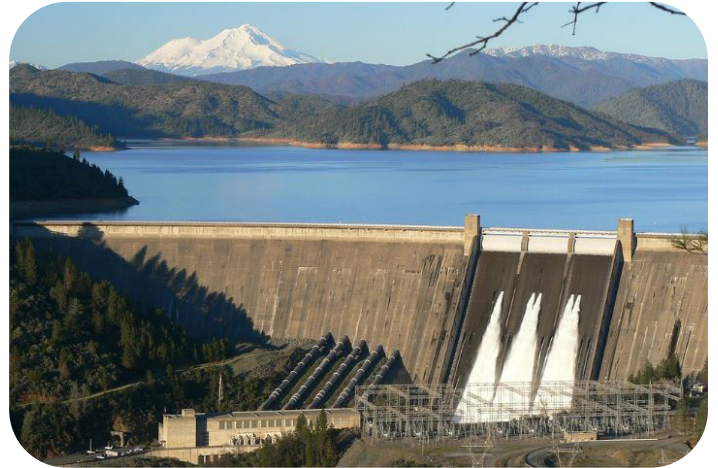
Speed, certainty, and alignment in review processes are needed between state, local, and federal entities, including federal land management, wildlife, military, and aviation.

Permitting reform should provide predictable and efficient review processes and should support the modernization and build out of new electric transmission, natural gas and hydrogen pipelines, power generation, hydropower projects, energy storage, and critical minerals and materials, as well as the implementation of digital technologies.

Permitting reforms are needed to address the immediate challenges with the nation's existing electric generation, transmission, and distribution equipment, as well as to address forecasted load growth.

The Senate Energy and Natural Resources Committee has reported the [Energy Permitting Reform Act of 2024](#), and BCSE commends Senators Joe Manchin (I-WV) and John Barrasso (R-WY) for their sponsorship of this legislation and their continuing efforts to secure significant improvements to the permitting process for the energy sector. BCSE is aware of additional policies promoted by our members that should be included as the bill moves through the legislative process.

The House Natural Resources Committee has also held hearings on the need to reform the federal permitting process.



BCSE will continue to work with policymakers, stakeholders, and partners to enact permitting reforms that drive forward America's energy expansion.

Furthermore, BCSE supports efforts to secure and develop domestic supply chains for critical minerals, components, and materials, which are necessary to further enable this energy expansion for the benefit of the U.S. economy, jobs, and competitiveness.

Legislation such as the Critical Minerals Security Act ([H.R.7662](#)), the Public-Private Information Sharing on Manipulative Adversary Practices Act ([S.3957](#) and [H.R.7699](#)), and the Rare Earth Magnet Manufacturing Production Tax Credit Act ([S.3521](#) and [H.R.2849](#)) would support American manufacturers and boost national security while reducing the United States' dependency on foreign supply chains.



Building a Modern Energy System for the 21st Century

The bipartisan Infrastructure Investment and Jobs Act (IIJA), P.L. 117-58, made a once in a generation investment in our nation’s infrastructure and competitiveness, including investments in U.S. ports, airports, rails, and roads.

Since the law’s enactment in 2021, BCSE has focused on how the government can optimize implementation of IIJA programs and has shared private sector expertise and experience on advancing the energy transition, delivering economic benefits, and creating a sustainable, low-carbon, and resilient future in the United States.



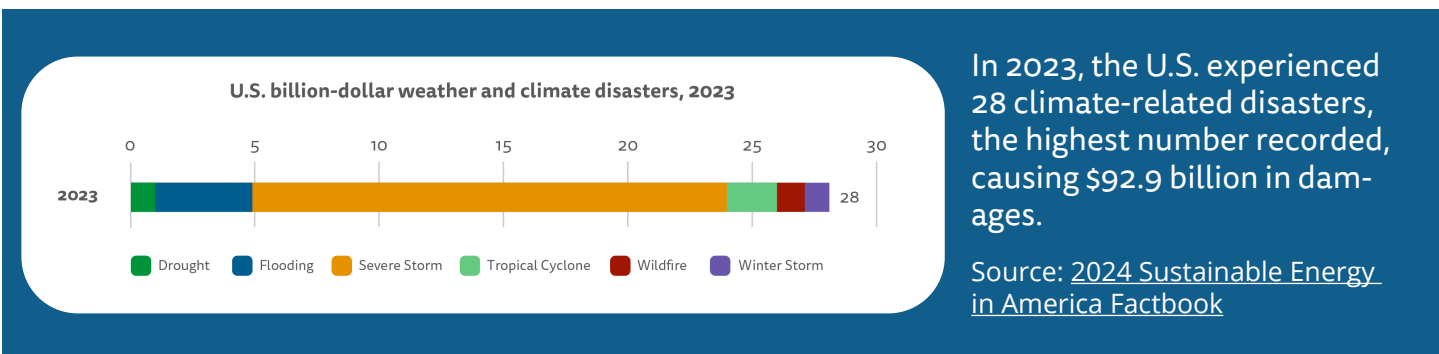
Information about **BCSE’s comments on IIJA policy actions** can be found [here](#).

BCSE Policy Recommendations on U.S. Competitiveness and Modern Energy Infrastructure

The federal government has been, and should continue to be, a partner in working with state energy officials to promote and incentivize innovative technologies, resilient infrastructure, and grid modernization by providing funding for energy assurance planning and other infrastructure needs.

State and local officials work with energy providers and stakeholders from other jurisdictions, government agencies, businesses, and related organizations to:

- Reduce risk and vulnerabilities to critical energy infrastructure such as severe weather (including hurricanes, floods, tornados, ice storms, extended heat waves, and cold snaps), earthquakes, wildfires, accidents and errors, physical and cyber-attacks, and other events.
- Assure public safety.
- Provide for rapid recovery.



In 2023, the U.S. experienced 28 climate-related disasters, the highest number recorded, causing \$92.9 billion in damages.

Source: [2024 Sustainable Energy in America Factbook](#)



Agencies with infrastructure funding for state and local governments at the U.S. Departments of Homeland Security (DHS), Agriculture (USDA), Energy (DOE), and Housing and Urban Development (HUD) should prioritize the integration of high-value energy efficiency, on-site renewable energy, fuel cells, combined heat and power (CHP), and energy storage for infrastructure resilience for first responders, hospitals, pipelines, data centers, and telecommunications to ensure continuity of operations for public and private purposes.

The U.S. Department of Transportation (DOT) and the U.S. Environmental Protection Agency (EPA) should create processes to support planning and goal setting at ports, airports, mass transit, interstate highway systems, and border points of entry, among other locations.

These programs should examine and document resilience, decarbonization, and modernization needs



to establish a gap between the needs and the current budget, with direction to utilize public-private partnerships as financing vehicles to meet shortfalls.

The use of combined heat and power (CHP) within federal and industrial sectors would support cost-effective power, heating, and cooling for industrial facilities and buildings utilizing technologies such as district energy.

These CHP facilities can leverage microgrid technologies to integrate with various renewable energy resources and provide resilience and possibly spinning reserves to augment the intermittent supply of solar and wind. Longer term, these CHP sites can be designed with the ability to use lower-carbon fuels like hydrogen.

The bipartisan Infrastructure Investment and Jobs Act (IIJA) made a **once in a generation investment** in our nation's infrastructure and competitiveness.

EPA implementation of the [Greenhouse Gas Reduction Fund](#) would mobilize financing and private capital to promote energy independence while delivering lower energy costs and economic revitalization to communities that have historically been left behind.

The U.S. General Service Administration (GSA) implementation of the [Federal Buy Clean Initiative](#) would prioritize the use of American-made, lower-carbon construction materials in federal procurement and federally-funded projects.

Additionally, federal funds should be better utilized to ensure that government-owned buildings can be modernized.

BCSE has provided comments on each of these programs as outlined in the links above.

Energy Boosts Independence in Rural America

Rural energy programs have provided the means for farmers, ranchers, and private landowners to benefit their communities through investments in many sectors, including:

- Energy efficiency, biopower, bio-based products, and renewable chemicals.
- Wind, geothermal, hydro, and solar power.
- Biogas and advanced biofuels.

BCSE Policy Recommendations to Deploy Energy Solutions in Rural America

To build upon these successes, BCSE [recommends Congress](#) include provisions during reauthorization of the Farm Bill to do the following:

- 1** Establish new tax credits and bonds for rural communities to **boost investment in infrastructure** and other public projects by providing affordable access to the large taxable bond market.
 - Please see the bipartisan [American Infrastructure Bonds Act](#).
- 2** Include the **Biomass for Transportation Fuel Act**, H.R.7609 and S.3899, which would implement the eligibility for electricity generated from renewable biomass, including biogas, under the renewable fuel standard (RFS) program provided by Congress in 2007.
- 3** Reauthorize and revise the **Renewable Energy for America Program (REAP)** and the **Rural Energy Savings Program (RESP)** to bring the benefits of innovative energy solutions to more farmers, ranchers, and small businesses in rural communities.

These investments have helped **increase energy independence** in rural areas by decreasing the demand for energy through energy efficiency improvements and increasing the private sector supply of renewable energy.

In turn, these investments have helped lower the cost of energy for small businesses and agricultural producers.



→ Consistent with this recommendation, BCSE urges Congress to exclude potential bill language that would prevent U.S. Department of Agriculture (USDA) funds from being used to deploy solar on agricultural land.

- 4** Enhance Farm Bill **rural development programs** to support practices that improve waste management, water quality, nutrient recycling, soil health, and energy solutions in rural communities.
- 5** Refine and grow programs from the 2018 Farm Bill to support **rural green jobs and resilience**.
- 6** Support **research** and programs to improve sustainability on American farms.
- 7** Foster U.S. agriculture's role in the production of **sustainable aviation fuel**.

eRINs will support a **broad market transformation of the electric vehicle sector** and all eligible renewable power sectors.



BCSE also urges the U.S. Environmental Protection Agency (EPA) to include **robust renewable electricity (eRINs) volume levels in its final Renewable Fuel Standard (RFS)**, consistent with current market growth rates.

EPA has long recognized the many environmental and economic benefits associated with eRINs, including critical reductions in greenhouse gas emissions. The opportunity to include renewable electricity in the RFS and create a national eRINs program is more timely than ever.

eRINs will directly support the electrification of the U.S. vehicle fleet and are complementary to other federal policies that encourage the production of renewable fuels.

Collectively, BCSE believes that eRINs will support a broad market transformation of the electric vehicle sector and all eligible renewable power sectors.

More details on **BCSE's policy recommendations for rural America** can be found [here](#).

Reliable, Objective, and Verifiable Emissions Data Reinforces U.S. Competitiveness

Trade and competitiveness are **engines of economic growth** that raise U.S. incomes and build a prosperous America. American manufacturers and producers also abide by some of the cleanest and most responsible production standards in the world.

Trade policies based on cleanliness and responsible production would enhance U.S. competitiveness relative to other trading partners.

Trade policies based on environmental performance and responsible production would **enhance U.S. competitiveness** relative to other trading partners.

BCSE Policy Recommendations to Strengthen U.S. Competitiveness Through Emissions Transparency

For this reason, BCSE supports the enactment of legislation such as the bipartisan [PROVE IT Act \(S.1863\)](#), introduced by Senators Chris Coons (D-DE) and Kevin Cramer (R-ND), which would obtain high-quality data regarding the carbon intensity of U.S. manufactured products to back up this claim.

Products covered by the data collection requirements in the PROVE IT Act include:

- Aluminum and articles of aluminum
- Biofuels
- Cement and articles of cement
- Crude oil
- Fertilizer
- Glass
- Hydrogen
- Iron and steel, and articles of iron and steel
- Lithium-ion batteries
- Natural gas
- Petrochemicals
- Plastics and articles of plastic
- Pulp and paper
- Refined strategic and critical minerals
- Solar cells and panels
- Uranium
- Wind turbines



Increased Action to Address Climate Change Will Cement U.S. International Leadership

BCSE calls for [continued and increased action to address climate change](#), both at home and abroad. Our coalition advocates for **deploying existing technology solutions to meet emissions reduction goals** and enhance resilience against increasing climate impacts.

BCSE's climate priorities include:

→ **Reduction of pollution and greenhouse gas emissions:** Enact market-based measures and complementary energy policies, building on what

is already in place at the regional, state, and local levels.

→ **Development and deployment of modern technologies:** Scale up existing technology solutions to meet emissions reduction goals while safeguarding the natural environment.

→ **An improved energy system:** Increase reliability and resilience while lowering risks and costs for customers and communities.

BCSE Policy Recommendations to Achieve a Competitive Energy Economy

BCSE's [advocacy efforts on climate change](#) are focused on the key policy, regulatory, and market drivers that are necessary to help deploy energy technologies, reduce greenhouse gas emissions, and strengthen resilience against the impacts of climate change. At the federal level, BCSE provides this input to Congress, the Environmental Protection Agency (EPA), the U.S. Department of Agriculture (USDA), the U.S. Securities and Exchange Commission, and other entities.

At the international level, BCSE is an accredited observer organization before the United Nations and participates at the convenings of the United Nations Framework Convention on Climate Change and the United Nations Commission on Sustainable Development.

Federal investments and involvement in international climate policies helps to create the enabling legal, financial, and regulatory environments that are needed for U.S. companies to effectively enter, compete, and prosper in developing country markets. **U.S. support of international programs strengthens our nation's credibility overseas** and generates increased market demand for high quality American energy solutions.

In 2023, the global energy transition market was valued at over \$1.7 trillion, according to the [2024 Sustainable Energy in America Factbook](#). China led the way with \$676 billion of funds deployed, with the United States in second place, where investment increased 22% year-on-year to a record-breaking level of \$303 billion. **U.S. companies are well positioned to capture a leading share of this rapidly expanding global market** and are already the first choice provider of solutions to customers around the world.

U.S. companies are well positioned to capture a leading share of this rapidly expanding global market.

It is in the United States' best interest to continue to support and partner with countries, as well as multi-lateral institutions, that are working toward achieving a low-carbon and climate-resilient future. **Continued leadership and support by the United States in international climate and energy programs enhances our status** in this highly competitive global market and bolsters the position of American companies.



For further information about BCSE views, please contact:

- Lisa Jacobson, President
ljacobson@bcse.org
- Ruth McCormick, Vice President of Federal and State Programs
rmccormick@bcse.org

About the Business Council for Sustainable Energy (BCSE)

The [Business Council for Sustainable Energy \(BCSE\)](#) is a coalition of companies and trade associations that deploy clean energy and decarbonization solutions, with a sector focus on energy efficiency, natural gas, and renewable energy. [Members include](#) investor-owned utilities, public power, independent power producers, project developers, technology providers, equipment manufacturers, environmental and energy market service companies, and more.

The coalition advocates at the federal level for policies that advance the deployment of a broad portfolio of

clean energy technologies. Established in 1992, BCSE has also been an accredited observer of the UNFCCC climate negotiations for more than 30 years.

BCSE collaborates frequently with its small business division, the [Clean Energy Business Network \(CEBN\)](#), which convenes a network of more than 7,000 members across all 50 states. Collectively, BCSE and CEBN mobilize the full breadth of the clean energy economy, from innovators and small businesses to industry leaders and the trade associations that represent them.