



RENEWABLE ENERGY: Wind, solar industries plea for extension of tax credits (05/07/2008)

Lisa Friedman, *ClimateWire* reporter

Wind, solar, geothermal and biomass leaders urged Congress Tuesday to extend a soon-to-expire investment tax credit and said they are looking to sweeping climate change legislation for a strong U.S. commitment to renewable energy.

Claiming that renewable energy can achieve 50 to 60 percent of the nation's electricity generation by 2030, industry leaders said they are only being held back by inconsistent support on Capitol Hill. Others also charged that as Europe moves forward aggressively with a renewable energy standard, foreign companies will squeeze U.S. businesses out of the market.

"If we want to solve climate change, we have to take a serious look at what this industry is going to deliver," said John Coequyt, an energy policy specialist for the Sierra Club.

Coequyt and others at a briefing sponsored by the Environmental and Energy Study Institute noted that Europe is about to pass a 20 percent renewable energy standard -- much like one Congress failed to enact last year. European wind energy companies, in particular, many noted, are moving to the United States and gobbling up business.

The renewable industry's main request is for an extension of the federal clean energy tax credits that expire this year. While the U.S. Senate approved an extension as part of a separate housing bill last month, the House has not.

The measure extends the tax credit through 2009 for the production of wind, biomass, hydro and geothermal energy. Businesses and homeowners would be able to offset 30 percent of the cost of installing solar or fuel-cell equipment with a one-time tax credit. It also includes credits for energy-efficient home repair and insulation.

While renewable energy leaders are pushing hard for the extension, they also want Congress to make it permanent and said Tuesday that the lack of policy certainty hurts the industry's bottom line and the global ability to reduce emissions.

John Stanton, vice president of government affairs for the Solar Energy Industries Association, noted that 4 gigawatts' worth of projects are in the pipeline if the extension of tax credits comes through. He estimated that solar power can reach 15 percent of all new electricity demand by 2016 with investments.

Can wind provide 20% of U.S. electricity by 2030?

Randy Swisher, executive director of the American Wind Energy Association, said that in 2007 alone, 5300 megawatts of wind power were installed. The result: preventing the emission of 28 million tons of CO₂ into the air. He estimated that wind power could provide 20 percent of all electricity generation by 2030, avoiding 825 metric tons of CO₂ emissions that year alone.

"Carbon-free energy should play a role in a carbon-constrained future," Stanton said. "Given the severity and the enormity of the problem, we need to rely on renewable sources."

Industry leaders said they are looking at climate change legislation sponsored by Sens. Joseph Lieberman (I-Conn.) and John Warner (R-Va.) as an opportunity. Under the bill, regulated industries would be able to purchase credits through a cap-and-trade system. A body called the Climate Change Credit Corp. would oversee an auction for the distribution of a certain percentage of the credits.

Renewable energy advocates want to ensure that a certain percentage of credits are set aside for wind, geothermal, solar and biomass projects. They also are seeking a long-term production incentive, funding for research and worker training and the adoption on the federal level of some state measures, such as California's solar roof program, which credits consumers for excess power produced by solar panels on their homes.

Few, however, expect the climate change bill to pass the Senate, which will effectively push any long-term action on renewables to next year. But advocates said they hope the debate, set for June, will start a national conversation about the role renewable energy can play in climate change.

In the meantime, Coequyt said, Europe is moving quickly.

"Europe is pretty confident that renewable energy can deliver," he said, adding, "If we don't take very strong action on renewable energy, project development in the U.S. is going to be managed by other countries."