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Congress of the United States

House of Representatives

Washington, DC 20515-0308

September 15, 2008

COMMITTEES:
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SCIENCE AND TECHNOLOGY
SUBCOMMITTEE ON ENERGY
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FOREIGN AFFAIRS
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Senator Harry Reid
Senate Majority Leader
528 Hart Senate Office Building
Washington, DC 20510

Senator Mitch McConnell
Senate Minority Leader
361-A Russell Senate Office Building
Washington, DC 20510

Senator Max Baucus
Chairman, Finance Committee
511 Hart Senate Office Building
Washington, DC 20510

Senator Chuck Grassley
Ranking Member, Finance Committee
135 Hart Senate Office Building
Washington, DC 20510

Dear Majority Leader Reid, Minority Leader Mitchell, Chairman Baucus, and Ranking Member Grassley,

As the legislative year draws to a close, I feel compelled to write to you regarding the fate of the Solar Investment Tax Credit (ITC). I respectfully urge you to bring up a long-term (minimum 8-year) Solar ITC extension before Congress adjourns later this month.

Solar power represents one of our nation's best hopes for a clean, secure, and sustainable energy future. A strong solar industry creates jobs and economic growth, increases American energy independence, and reduces threats to the natural environment associated with the combustion of fossil fuels.

In recent years the U.S. solar industry, spurred by the Solar ITC, has been growing rapidly. Since the 30% ITC took effect in January of 2006, it has been a tremendously effective incentive for solar development. According to the Solar Energy Industries Association, in 2007 alone, the industry created 6,000 new jobs, installed 265 megawatts of power production, and invested more than \$2 billion in the U.S. economy. 2008 is on track to be stronger still.

Unfortunately, the continued success of the U.S. solar industry is in jeopardy. As you know, the ITC is scheduled to expire at the end of 2008. Unless Congress acts immediately to extend the ITC, the industry's true potential, and all of its attendant social benefits, may remain unrealized.

The solar industry is providing thousands of good-paying jobs during these uncertain economic times, and there is potential for many thousands more. A new study by Navigant consulting,

released today, indicates that if Congress passes an 8-year extension of the Solar ITC, the U.S. solar industry could create more than 440,000 permanent jobs, and attract \$232 billion in investment through 2016. These economic benefits would be spread across the entire country.

Failure to extend the ITC, however, would deal a devastating blow to the industry, just as it is beginning to take off. As the end of the year draws near, the impending lapse in the ITC is already having negative repercussions on the solar industry. To cite just a few examples from my home state:


- Preliminary results of a survey conducted by the solar research institute at the University of Arizona, AzRISE, indicate that nearly 30% of Arizona's solar businesses (excluding manufacturers, which have overseas customers) have initiated hiring freezes or are unsure of the number of workers they will hire due to the uncertainty surrounding the ITC extension.
- SOLON America, a Tucson-based PV Manufacturer and Systems Integrator has had multiple projects placed on hold pending outcome of the ITC negotiations. These projects will be terminated if the ITC expires. If that were to happen, the company estimates the impact on its business in 2009 would be over \$200 million in lost sales.
- Construction of the Solana Solar Generating Station, a joint project of APS and Abengoa in southern Arizona, is on hold pending renewal of the credits. Solana would be one of the largest solar power plants in the world, able to generate clean electricity for 70,000 homes. The project would create 1,500 construction jobs and when completed, it would employ 85 highly skilled technicians. But if Congress fails to act, it will not be built. This by itself would be a billion dollar lost opportunity.

At a time when our country needs the economic, security, and environmental benefits of solar power more than ever, failure to extend the Solar ITC is simply unacceptable. The House and Senate must both pass an extension before Congress adjourns at the end of September, and to yield maximum benefit, the extension must be for at least 8 years.

Later this week, the House is expected to pass a Solar ITC extension for the fifth time this Congress. I urge you to support passage of this measure in the Senate. If the ITC extension fails to make it through Congress and into law, all our constituents will be the worse off for it.

The current crisis in energy prices has raised public awareness of the importance of developing alternatives to fossil fuels. This moment represents a tremendous opportunity to take bold action and invest in a solar powered future. To do that, we must extend the Solar ITC.

Sincerely,



Gabrielle Giffords
Member of Congress (AZ-08)