Comparable Incentives for Public Power

Include Comparable Incentives for Public Power Clean Energy Investments

Current energy tax policies began decades ago with the creation of the investment tax credits (ITCs) and production tax credits (PTC) to promote emerging energy technologies like renewable wind and solar. Today, the tax code specifies roughly a dozen different fuel sources as providing qualified electricity production or qualified energy property for purposes of the PTC and ITC.

However, because tax-exempt entities, including public power utilities, have no taxes against which to offset a tax credit, they cannot directly receive energy tax credit "payments." For example, the City of Healdsburg unveiled the nation's largest floating solar project on a wastewater treatment system last year. The project is located on city property, the output goes to the city-owned utility, and the costs are borne by our residents. However, because the current tax incentives are available only to private developers, the City had no choice but to hire a private developer to build and own the project instead. Ensuring that utilities like Healdsburg have the ability to make their own determinations regarding ownership of innovative clean energy projects while realizing the cost savings and passing them along to their residents, is critically important to ensure that public power systems have all of the necessary tools available to help achieve decarbonization goals.

As Congress considers an extension and expansion of energy tax credits, it is important that public power systems receive comparable incentives for investments in eligible renewable energy projects. If Congress is willing to provide incentives for investments in specific resources, those incentives should benefit all consumers.

The *Growing Renewable Energy and Efficiency Now* (*GREEN) Act*, introduced by Rep. Mike Thompson (D-CA), addresses this inequity by allowing for a direct payment equal to 85% of energy production and investment tax credits and carbon capture tax credits to any entity that owns the project. This would remove the financial disincentive for public power utilities to own such facilities, which are needed to transition to cleaner generating technologies and help mitigate the impacts of climate change.

While there have been numerous efforts to move this legislation as a stand-alone bill and in broader infrastructure packages like the Build Back Better Act, it has yet to be enacted.

We urge Congress to provide comparable incentives for public power investments to assure the tools are in place to advance our national clean energy goals and to ensure equity with similar investments made by private entities.