HEARING STATEMENT
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Renewable Integration Tax Credit (RIC)
April 14, 2010

Chairman Levin and Ranking and Ranking Member Camp, thank you for allowing me the opportunity to submit a statement for the record at this hearing on energy tax incentives and driving the green jobs economy. I would also like to thank you for holding a hearing on this issue. I strongly believe the key to future growth in the United States lies in the development of alternative domestic energy resources.

My home state of Colorado has long been a leader in both traditional and alternative energy production. At the end of 2009, Colorado was ranked ninth in the country in total installed wind capacity. My district is home to wind and solar manufacturers, biofuel producers, and alternative energy researchers. The renewable energy investments included in the American Recovery and Reinvestment Act laid the groundwork for creating green energy jobs, but we also need to look for innovative ways to drive demand going forward so the United States remains competitive in the renewable energy sector.

Last November, I introduced the Renewable Integration Tax Credit (RIC), HR 4149. This tax credit is designed to help utilities with the cost of integrating intermittent energy sources like solar and wind into their portfolios at high levels. These costs, which grow as utilities add more clean power to the system, are currently being passed along to customers in order to ensure system reliability. While wind developers can take advantage of tax incentives like the Renewable Energy Production Tax Credit (PTC), utilities that purchase their renewable power from these developers cannot claim that same tax credit. The RIC costs much less than the PTC and will help utilities keep rates low while incentivizing increases to their renewable energy portfolio. The credit phases out over time unless utilities continue to increase their renewable portfolio. This will drive continual investments in wind and solar projects.

The RIC can also be used in the absence or in conjunction with a strong, national renewable electricity standard (RES). The DOE estimates that a nationwide RES of 20 percent by 2030 will create 500,000 jobs. Commonsense policy like a national RES and the Renewable Integration Tax Credit will not only diversify the national energy portfolio, it will ensure market stability in the wind and solar industries in the short term. In the short term, the RIC can be used to add quick-start natural gas generation to serve as a backup when wind and solar are not available. In the long term, this tax credit can be used to invest in projects to store renewable electric power once they become commercially available.

The Renewable Integration Tax Credit concept has been endorsed by a wide range of groups and businesses including the U.S. Chamber of Commerce, the U.S. Hispanic Chamber of Commerce, Environment America, Natural Resources Defense Council (NRDC), National Association of Manufacturers (NAM), American Wind Energy Association (AWEA), Center for American Progress, Energy Future Coalition, Blue Green Alliance, Third Way, Edison Electric Institute, and the Building and Construction Trades Department of the AFL-CIO.

It is imperative that we as a country continue to increase our investment in clean energy and it is with incentives such as the RIC that our goals will be achieved. Not only will this bill help to address these renewable integration costs, it will create jobs, reduce greenhouse gas emissions, and help diversify our energy mix.

Thank you again Chairman Levin and Ranking and Ranking Member Camp for allowing me the opportunity to submit this statement for the record. I urge you to keep the Renewable Integration Tax Credit in mind as you evaluate tax incentives to drive the green jobs economy.