

Representative Erik Paulsen  
126 Cannon HOB  
Washington, DC 20515

April 14, 2010

The Honorable Sander Levin  
Chairman  
Ways and Means Committee  
1102 Longworth HOB  
Washington, DC 20515

The Honorable Dave Camp  
Ranking Member  
Ways and Means Committee  
1139E Longworth HOB  
Washington, DC 20515

Dear Chairman Levin and Ranking Member Camp:

Our nation should pursue a comprehensive domestic energy strategy that incorporates both established energy sources and the growing renewable energy market. Further, as a matter of national security we must reduce our dependence on foreign energy sources.

The House Ways and Means Committee is uniquely positioned to recommend changes in the tax code [that](#) would aid a broad range of energy suppliers in their efforts to provide cheaper, more reliable power.

As you know, efforts to expand renewable energy production via changes to the tax code have been effective in the past. Current tax credits for renewable energy like the Renewable Energy Production Tax Credit (PTC) and the Investment Tax Credit (ITC) have been effective in bringing the cost of clean energy down. [However](#), there are [additional and substantial](#) costs for integrating renewable energy sources, specifically [wind](#) and solar sources which are intermittent additions into the grid.

The U.S. Department of Energy has analyzed the costs of renewable integration, [including](#) adjusting the composition of energy sources for base power output, adding backup gas generation and otherwise compensating power supplies for the variable inputs provided by wind or solar radiation.

It is important to recognize the [impact of these](#) costs, which grow as utilities add clean energy sources to their portfolios. Additionally, these costs are currently passed on to customers in order to ensure consistent power delivery.

As you may know, more than 25 states have Renewable Energy Standard targets, and momentum is building for a federal Renewal Energy Standard. As this is considered, it is extremely important to consider the financial impact on consumers, while also providing the best economic environment for renewable energy sources to flourish.

Last year, I introduced legislation with Rep. Betsy Markey, establishing the Renewable Integration Tax Credit (RITC; H.R. 4149), which addresses many of the important issues enumerated here. The RITC would amend the tax code to provide a renewable electricity integration credit for a utility that purchases or produces renewable power.

The bill would create a tax credit for utilities that have sizeable portfolios of renewable energy generation. The credit phases out over time unless utilities continue to increase their renewable portfolio. This will drive continual improvements in wind and solar penetration into the grid by incentivizing continual increases in these renewable sources.

Not only will this bill help to address the renewable integration costs consumers are now bearing, but it will create jobs, reduce greenhouse gas emissions, and help diversify our nation's energy portfolio.

The concept of a Renewable Integration Tax Credit has been endorsed by an array of organizations, including the U.S. Chamber of Commerce, the National Association of Manufacturers (NAM) and the Building and Construction Trades Department of the AFL-CIO.

As the committee considers green energy legislation for the remainder of the year, I would appreciate your consideration of the RITC as part of your solutions.

Thank you for your time and consideration,

/s/

Erik Paulsen  
Member of Congress