

## **Congress must side with renewable energy tax credits**

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Out on the sun-drenched plains east of San Luis Obispo, a Palo Alto-based startup, Ausra Inc., plans to build an enormous array of high-tech mirrors spread over 640 acres. Focusing solar rays on miles of water-filled pipes, the installation will heat enough steam to power turbine generators capable of serving the electricity needs of 60,000 homes, at prices that will soon be competitive with traditional forms of energy.

Ausra is only one of several solar pioneers that Pacific Gas and Electric Company and other utilities are supporting with long-term power contracts. Backed in many cases by Silicon Valley venture investors, they reflect the same spirit of innovation that made California a world leader in electronics and information technology.

Along with equally innovative developers of wind, geothermal, and other forms of renewable power, they are on the forefront of finding solutions to the greatest challenge of our times: reducing greenhouse gas emissions to prevent runaway global warming.

But their entrepreneurial efforts may be stillborn if Congress fails to extend vital production and investment tax credits that have nurtured the renewable power industry as it works to implement emerging technology and achieve scale economies.

On Feb. 27, the House of Representatives passed a timely measure to prevent the expiration of these tax credits at the end of this year. On April 10, after several failed tries, the Senate finally passed similar legislation - but without spending cuts or new revenue to offset the cost, a deal-breaker for House leaders. If unresolved, this standoff could deal a devastating blow to the renewable energy industry.

Failure by Congress to renew the credits could cost the United States more than 100,000 jobs and billions of dollars annually in new investments.

These losses would be felt across the country, in states such as California, Colorado, Illinois, Iowa, Minnesota, North Dakota, Oklahoma, Oregon, Pennsylvania, Texas, and Washington.

As a major buyer of renewable energy, we at Pacific Gas and Electric Co. are concerned that without proper tax incentives, there will be a significant slowdown in the development and construction of new renewable energy projects going forward, as developers and investors wait to see whether Congress will act.

The expiration of production tax credits in 2004, for example, caused a 77 percent drop in installed wind capacity that year relative to 2003.

Last year, with credits in place, the wind industry enjoyed its best year ever. Developers installed more than 5,000 megawatts of new generating capacity, more than twice the previous record.

Solar energy is one of California's hottest targets of new venture investment. Since the start of 2007, PG&E alone has signed contracts with solar producers for 1,100 megawatts of power, a testament to the industry's enormous commercial progress.

But the Washington Post reports that bankers are now telling solar companies to hold off on new projects that won't be completed this year, due to uncertainty over the fate of tax credits. More than 20,000 solar-related jobs in California alone are at risk, according to industry studies.

The tremendous spurt of innovation and development we have seen in the renewable energy sector could be squelched just when the national economy, buffeted by the housing collapse and record oil prices, needs all the support it can get.

Beyond the economy and the environment, there's a third reason for the Congress to act: national security. It is no secret that many of the world's most intractable conflicts, and greatest threats to our security, originate in or are funded by oil-exporting countries. Reducing our dependence on foreign oil is something the United States has talked about for more than a quarter century but done little to accomplish. Promoting renewable electric power, combined with incentives for gas-sipping plug-in hybrid electric vehicles, could drastically reduce both the carbon footprint of American transportation and our need for oil imports.

Now is not the time to undercut the renewable energy industry. The clock is ticking as the American people wait for Congress to act.

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