



March 16, 2022

The Honorable Chuck Schumer  
Majority Leader  
U.S. Senate  
Washington, DC 20515

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

RE: Budget Reconciliation and the Need for Energy Efficiency Investments

Dear Majority Leader Schumer and Speaker Pelosi:

The Alliance to Save Energy writes to urge action on key energy efficiency provisions that are part of budget reconciliation, including but not limited to needed energy efficiency *tax incentives, climate bank development, Hope for Homes, critical facility modernization, energy codes modernization, GSA energy efficiency, and expanded funding for the DOE Loan Program Office.* We greatly appreciate the work of the Senate and House to date, and believe that the expiration of relevant energy efficiency tax credits, combined with rising energy costs and the geopolitical crisis in Europe support prioritization of the identified energy efficiency measures.

Investments in energy efficiency provide multiple benefits, including serving the interests of the nation's energy security, reducing carbon emissions, and lowering energy costs for consumers. In fact, but for the energy efficiency investments made since 1980, energy consumption would have been 60% higher.<sup>1</sup> Moreover, these same investments avoided approximately \$800 billion more per year in energy cost for consumers and also avoided a 60% increase in carbon emissions. The proposed investments in budget reconciliation would accelerate these gains—and based on a limited analysis of only the efficiency tax provisions, would achieve significant energy and economic benefits, including avoiding 341 MMT of carbon emissions, securing \$53.3 billion in energy cost savings, and creating 520,128 new jobs.<sup>2</sup>

The Alliance urges inclusion and passage of the following priorities as part of budget reconciliation or other identified legislative vehicles at the earliest opportunity:

---

<sup>1</sup> <https://energyefficiencyimpact.org>.

<sup>2</sup> <https://www.aceee.org/sites/default/files/pdfs/efficiency-investments-analysis-sept-2020.pdf> (tax provisions represent a 2020 ACEEE analysis that considered adoption the 25C and 45L modifications in existing legislative proposals (S. 2588/H.R. 4506 and S. 2595/H.R. 4646 in the 116th Congress, e.g., see [www.congress.gov/bill/116th-congress/senate-bill/2588](http://www.congress.gov/bill/116th-congress/senate-bill/2588)), and would double the 25C incentives for the first two years and would also update 179D).

- **25C:** Extend the 25C tax credit for ten years, eliminate the lifetime cap for the annual cap, and expand the value of the credit to 30% up to at least \$1,200 without limitation on energy property type, in addition to providing the same level of credit for investments for insulation as part of the building envelope.
- **45L:** Extend the 45L credit for ten years for single-family and manufactured homes to \$2,500 when meeting relevant Energy Star program requirements, or \$5,000 for those homes meeting the zero-ready home certification. Also provide a similar tiering for multi-family housing, based on Energy Star and zero ready home, with a base credit of \$500 or \$1,000, and a bonus credit of \$2,500 or \$5,000 when meeting prevailing wage requirements.
- **179D:** Temporarily expand the 179D permanent deduction for ten years, lifting the lifetime limit for a three-year cap, including for tax exempt entities. Provide a base deduction ranging from \$.50 to \$1.00 per sq. ft, with a bonus deduction of \$2.50 up to \$5.00 per sq. ft, when meeting prevailing wage and apprenticeship requirements.
- **Hope for Homes:** \$12.5 billion in rebates for energy efficient residential technologies, including \$6.25 billion for HOMES rebates to homeowners for whole-house energy retrofit projects.
- **Climate Bank:** \$11.970 billion for 2 years for competitive grants to charitable or public funded non-depository financial services non-profits that invest in projects singly or with other investors to provide capital (including leveraging private capital) for the rapid deployment of low and zero-emission products, technologies, and services. Also provide an additional \$8 billion for 2 years for competitive grants to charitable or public funded non-depository financial services non-profits that invest in projects singly or with other investors, to provide capital (including leveraging private capital) for the rapid deployment of low and zero-emission products, technologies, and services, specifically targeting financial and technical assistance in low-income and disadvantaged communities.
- **Critical Facility Modernization:** At least \$500 million in formula grants to states to provide financing and technical assistance for projects that improve energy efficiency and increase resiliency of critical public buildings, including but not limited to schools, local government buildings, and medical facilities.
- **Energy Codes:** At least \$300 million to state and local governments to facilitate the adoption of residential and commercial building energy codes.
- **GSA Energy Efficiency:** \$3.25 billion over five years for the purchase of goods, services, and systems to improve energy efficiency within the relevant GSA footprint.
- **DOE Loan Program:** \$40 billion in new DOE Loan Program guarantee authority, and \$3.6 billion for the cost of guarantees.

The stated priorities largely track the energy efficiency budget reconciliation provisions passed by the House in 2021, with the exception of greater flexibility and expansion of the 25C tax credit for homeowners.

The Alliance greatly appreciates your leadership on these important issues, and we look forward to working with you to improve energy security, reduce carbon emissions, and retain

energy affordability. If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Paula R. Glover". The signature is written in a cursive style with a large, prominent "P" and "G".

Paula R. Glover  
President

Cc:

Chairman Ron Wyden, Senate Committee on Finance

Chairman Richard Neal, House Committee on Ways and Means

Chairman Joe Manchin, Senate Committee on Energy and Natural Resources

Chairman Frank Pallone, House Committee on Energy and Commerce