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February 15, 2022

The Honorable Ron Wyden
Chair
U.S. Senate Committee on Finance
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member
U.S. Senate Committee on Finance
Washington, DC 20510

The Honorable Richard Neal
Chair
U.S. House Committee on Ways & Means
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
U.S. House Committee on Ways & Means
Washington, DC 20515

Subject: Tax Incentives for Geothermal Energy

Dear Chairs Wyden and Neal and Ranking Members Crapo and Brady,

As representatives of nearly ninety geothermal energy companies from eighteen states and the District of Columbia, we write to highlight the critical role that geothermal electricity investment and production tax incentives (ITC/PTC) play in our industry's efforts to unleash the massive potential of American geothermal energy. We urge you to lead on American innovation, job creation and growth by supporting both of these incentives and taking swift action to extend the PTC, which expired at the beginning of 2022.

We are in a period of extraordinary opportunity for American-made sources of clean and reliable electricity. Demand for firm, affordable clean power sources is soaring, from corporate actors pursuing 24/7 carbon-free electricity to Load Serving Entities (LSEs) seeking to bolster reliability, reduce costs, and meet state clean power mandates and beyond.

Geothermal is the ideal energy source for this moment. It provides Americans with reliable, affordable, and clean baseload power and complements variable generation sources such as solar and wind. And in recent years, American ingenuity and technological innovation has expanded geothermal's potential, vastly increasing geothermal energy production capabilities and broadening project viability to previously inaccessible areas across the country.

The Department of Energy's (DOE) 2019 GeoVision report found that, with the right blend of



federal incentives and bureaucratic streamlining, geothermal could provide over 120 GW of clean, 24/7 electricity by 2050. Each new geothermal project creates more opportunities for American workers: National Renewable Energy Laboratory (NREL) modeling has estimated each new geothermal plant creates thousands of construction and operational jobs, including many positions that require workers with oil and gas skill sets.

Continued federal tax credits for renewable energy projects are crucial to our industry's efforts to meet this moment. The ITC and PTC are proven and effective policies to incentivize geothermal project development and to develop strong American industries that create long-lasting and good paying jobs. Extension and support for these credits pays huge dividends: for example, when the PTC was retroactively reinstated in 2019 after two years of lapse, roughly triple the number of Power Purchase Agreements (PPAs) were signed in the next twelve months compared to the prior twenty-four.

Developers need certainty on these incentives to plan new geothermal projects. Unfortunately, that certainty was lost when the geothermal PTC lapsed in January 2022. Without congressional action to extend the PTC, much more will be lost: geothermal industry momentum gained in recent years, thousands of jobs that would have been accessible to people working in the oil and gas and mining industries, and significant progress in the fight against climate change.

Now is the moment for congressional leadership to support robust clean energy industries capable of employing thousands of workers in sustainable jobs while reducing carbon emissions. We urge Congress to take swift action to reinstate the geothermal PTC, and to maintain strong support for these incentives moving forward.

Sincerely,

Will Pettitt
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