



October 1, 2021

Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

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

Re: Prioritization of Energy Efficiency in Infrastructure and Budget Reconciliation

Dear Majority Leader Schumer and Speaker Pelosi:

As the nation's leading energy efficiency policy organization, the Alliance to Save Energy thanks you for your leadership on bipartisan infrastructure and budget reconciliation and urges you to continue prioritization of needed energy efficiency investments. Energy efficiency must be expressly tied to U.S. energy policy— as a necessary tool to reduce consumption without losing productivity, and to reduce carbon emissions.

The U.S. will require 90% more electricity in 2050 than what was required in 2018 according to a [recent report](#) released from the Goldman School of Policy at UC Berkley. Although this assumes that all vehicles sold by 2030 are electric, and that the built environment, including factories and manufacturing ambitiously adopt electrification platforms, even under more conservative estimates the need for greater future electricity capacity is apparent. This is consistent with estimates from a [Princeton study](#), confirming the need for expanding capacity as low and zero-emissions technologies dominate the grid and the nation electrifies. To effectively balance future electricity demand and capacity— and to ensure grid resiliency and reliability, substantive investments in energy efficiency are required.

As Congress considers energy legislation in infrastructure and budget reconciliation, it will be essential to retain energy efficiency investments similar to what is proposed in the two packages thus far. Key proposals include expansion of the 25C tax incentive which would allow homeowners a credit without limitation on energy property (with defined exceptions) with an annual credit value of 30% up to at least \$1,200. The credit in existing law is anemic and only allows up to \$500 for the lifetime of the taxpayer and fails to motivate homeowner investments in energy efficiency products and solutions. The most recent 25C proposal from the House Ways and Means Committee replicates the Clean Energy for American Act to a large extent but would more evenly spread the full value of the credit across the majority of energy property types. This expansion would be a critical tool to incentivize homeowner energy efficiency investments, allowing consumers to plan and budget numerous energy efficiency projects over multiple years.

Other important energy efficiency tax incentive proposals include sections 45L and 179D, the former of which would raise the value of the 45L credit for new housing development, including multi-family housing. The 179D proposal would expand the value of the commercial property deduction and would incentivize utilization of the deduction by a larger number of commercial property owners.

In addition to retaining expanded energy efficiency tax incentives, final passage of a bipartisan infrastructure package and budget reconciliation must also include proposals to more fully fund the Weatherization Assistance Program (WAP). WAP is an important tool to ensure that low-income families have access to energy efficiency solutions and technologies, effectively impacting energy consumption and cost savings among low-income homeowners and renters. The bipartisan infrastructure package and House proposals combined would allocate \$7 billion to WAP, averaging a \$700 million annual investment over a 10-year period. This would more than double FY 2021 appropriation levels, allowing the program to more easily match WAP demand with available funding resources.

Congress must also preserve energy efficiency investments as proposed through the Hope for Homes initiative, Open Back Better Act, support for state energy programs, federal facilities retrofiting, the Energy Efficiency Conservation Block Grant program, building codes development, and the national climate bank concept. Although the climate bank would not be exclusively dedicated to energy efficiency, it is a necessary tool for the deployment of energy efficiency and clean energy technologies in disadvantaged communities. The proposed budget reconciliation investments (excluding climate bank funding) represent \$45.5 billion of which \$17.5 billion would be designated toward energy efficiency and carbon reduction strategies related to new and existing federal buildings and fleets.

At the same time, Congress and the administration should tie energy efficiency performance standards to proposed funding that will be used to build schools and affordable housing. Funding for these projects focus on areas where capital improvements and resources are desperately needed but fall outside the jurisdiction of Senate and House energy committees where energy efficiency would otherwise be prioritized. As billions of dollars become available from various committees to modernize schools and build greater affordable housing capacity, priority funding should be given to those projects demonstrating the highest energy cost savings. If we fail to require high energy efficiency performance now, we will lock-in decades of increased energy demand and waste.

Finally, Congress cannot miss the opportunity to directly provide assistance to U.S. small businesses through the Main Street Efficiency Act, which would provide grant funding to help small business owners shoulder the cost of energy efficiency investments. Many utilities around the country through demand-side-management programs currently provide partial assistance for energy efficiency investments, and Main Street would match the utility share up to 50%. This would incentivize more small business owners to make substantive energy efficiency retrofits and reduce their energy costs up to 30%. By reducing the third largest operating expense for small businesses, profitability for owners would be increased and energy demand within the small business footprint decreased— avoiding over [40 MMT](#) of carbon emissions by some estimates.

Energy efficiency alone has the ability to reduce carbon emissions by 50% by 2050 and achieve 40% of the Paris climate objectives— but equals by far the smaller percentage of all proposed climate and green energy investments (approximately 12%-15%). To ensure the nation keeps pace with climate objectives in addition to current and future generation capacity demands, proposed energy efficiency funding levels must be preserved, and in some cases increased. As the largest employer in the clean energy sector, energy efficiency effectively meets the objectives of building back better: emission reductions, grid resiliency and reliability, workforce development, equity, and lower energy costs for consumers, small businesses, manufacturers, and industries.

Thank you again for your continued leadership and prioritization of energy efficiency policy. If you have any questions or need additional information, please do not hesitate to contact me or Alliance to Save Energy Senior Vice President of Policy, Research, and Analysis, Vincent Barnes at vbarnes@ase.org.

Sincerely,

A handwritten signature in cursive script that reads "Paula R. Glover".

Paula R. Glover
President

Cc: Honorable Joe Manchin, Chairman, Senate Committee on Energy and Natural Resources
Honorable Frank Pallone, Chairman, House Committee on Energy and Commerce
Honorable Ron Wyden, Chairman, Senate Committee on Finance
Honorable Richard Neal, Chairman, House Committee on Ways and Means