ACORE | Transmission Tax Credit

ACORE
AMERICAN COUNCIL ON RENEWABLE ENERGY

Background

Increased investment in transmission infrastructure expands access to, and delivery of, renewable resources. Through transmission expansion, we can unlock tens of gigawatts of wind and solar stuck in interconnection queues. Upgrading America's transmission system is a cost-effective way to alleviate transmission congestion and allow the integration of new renewable energy, which is expanding rapidly due to competitive prices, corporate procurement goals and state renewable energy standards. The 15 states between the Rockies and the Mississippi River account for 88 percent of U.S. wind technical potential and 56 percent of U.S. solar technical potential. However, this region is home to only 30 percent of expected 2050 electricity demand. Through transmission expansion, we can connect centers of high renewable resources with centers of high electric demand, enhance grid resiliency and dramatically reduce carbon emissions.

Despite these benefits, necessary investments in transmission infrastructure do not receive the same policy support as generation resources. Increased transmission development could save consumers up to $47 billion annually and return more than $2.50 for every dollar invested.

An Investment Tax Credit for Electric Transmission

The Investment Tax Credit (ITC) for solar energy is foundational to the modern renewable energy economy, continuing to spur major buildouts long after its enactment. A similar incentive for electric transmission would help drive the necessary, long-term, private sector-led expansion and upgrading of America's power grid. Enactment of a transmission ITC would provide developers with the long-term investment certainty they need through a predictable, multi-year investment structure, all while saving ratepayers money and lowering the upfront construction costs of infrastructure that is too often undervalued relative to its benefits.

In December 2019, Sen. Martin Heinrich (D-NM) started the transmission ITC discussion by introducing S. 3107, the Electric Power Infrastructure Improvement Act. Rep. Steven Horsford (D-NV) introduced H.R. 7172 as companion legislation in June 2020. This legislation promotes construction of significant projects by providing a tax credit for investment in qualifying electric transmission line properties, which are defined as any overhead, submarine, or underground transmission facilities with a voltage of at least 345 kV and a transmission capacity of at least 1,000 MW. The tax credit is 15 percent for overhead and 25 percent for underground or submarine lines, and applies to any property placed in service before December 31, 2029.

ACORE supports building on this legislation with a transmission ITC that includes a direct pay option for the credit to allow the broadest array of transmission stakeholders to develop projects.

Additional Information on ACORE's Involvement

Upgrading and expanding the nation's transmission network is one of ACORE's top priorities. In January 2020, ACORE published a white paper entitled *Advancing America's Climate Leadership* that identified transmission expansion as a key policy necessary to most effectively put renewable energy to work. ACORE echoed this message in comments to Congress and the Federal Energy Regulatory Commission on the obstacles to achieving a modern grid. In June 2020, ACORE launched the Macro Grid Initiative, a new campaign to build awareness of how transmission upgrades and expansion can deliver job growth and economic development, a cleaner environment and lower costs for consumers.

American Council on Renewable Energy
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