

June 20, 2025

The Honorable John Thune
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mike Crapo
239 Dirksen Senate Office Building
Washington, DC 20510

Dear Leader Thune and Chairman Crapo,

On behalf of the undersigned trade associations and organizations representing millions of American workers across the domestic energy sector, we thank you for including and strongly urge you to preserve the “start of construction” standard for eligibility of energy tax credits.

The start of construction framework has underpinned private sector investment in energy projects for over a decade, serving as the legal foundation for both fossil and clean energy technologies under sections 45 and 48, and, more recently, technology neutral credits (sections 48E and 45Y). Opponents of energy tax credits are pushing to replace it with a far more restrictive “placed-in-service” requirement. Such a change would upend investment expectations, introduce substantial business uncertainty, harm electricity customers, and risk delaying or even canceling critical U.S. energy infrastructure projects already underway.

We support your efforts to preserve the start of construction standard in the One Big Beautiful Bill Act and we respectfully offer the following reasons as to why your decision will drive American energy dominance and job creation:

1. Business Certainty and Financing

Investors and the electric power industry (e.g. developers, manufacturers, independent power producers, investor-owned electric companies, electric cooperatives and public power entities) rely on the start of construction standard as a reliable marker for securing financing and finalizing procurement decisions. It allows project sponsors to make firm commitments with lenders, offtakers, and equipment providers based on a clear and achievable threshold. Replacing it with a placed-in-service requirement would inject unacceptable timing risk into transactions, particularly for large-scale or multi-phase projects where construction may take several years and could chill ongoing investment.

2. Permitting Delays Can Make Project Timelines Unpredictable

Energy infrastructure projects—particularly those that need federal permits, are linear, cross-jurisdictional, or involve public lands—routinely face permitting delays beyond industry control. The National Environmental Policy Act (NEPA) process, Endangered Species Act (ESA) reviews, transmission interconnections, and state-level challenges often push completion dates back by years. The start of construction standard accommodates these realities by recognizing when an electricity provider has made a substantial investment and commenced physical activity.

3. Ongoing Supply Chain Constraints Impact Project Timelines

Equipment delivery timelines for transformers, turbine blades, and other key components remain unpredictable due to continuing supply chain disruptions. Manufacturers of energy components have flagged lead times of 18 to 36 months or more, with political instability, shipping bottlenecks, and capacity constraints still affecting project delivery. Developers, investor-owned electric companies, electric cooperatives and public power entities cannot guarantee “placed-in-service” dates when equipment arrivals are uncertain.

4. Start of Construction Accelerates Investment and Job Creation

The current standard encourages near-term capital deployment by allowing the industry to begin work, secure tax equity financing, and create jobs at the outset of the project lifecycle. A shift to placed-in-service would delay these benefits until the very end of the construction process, undermining job creation and weakening near-term economic growth.

5. Legislative Precedent and Regulatory Clarity Favor the Current Approach

Congress has repeatedly affirmed the start of construction standard, including through IRS guidance and appropriations language over multiple administrations. The Treasury Department has issued detailed regulations, offering the industry clear compliance pathways. Replacing it now would create legal ambiguity, force agencies to reopen rulemakings, and reverse years of settled interpretation. There is no compelling policy rationale for abandoning this precedent—only uncertainty and disruption.

Conclusion

Changing the standard to “placed-in-service” would disrupt hundreds of billions of dollars in expected investment, strand projects in the pipeline, slow the deployment of vital energy infrastructure, raise customer electricity bills, and penalize developers and electricity providers that have already committed capital under the existing legal regime. We urge you to preserve the start of construction standard in any final legislation and to reject proposals that would undermine the stable investment that American energy markets—and energy customers—depend on.

We appreciate your leadership and thank you for considering these views.

Advanced Energy United (AEU)
American Clean Power Association (ACP)
American Council on Renewable Energy (ACORE)
American Public Power Association (APPA)
Clean Energy Buyers Association (CEBA)
Coalition for Community Solar Access (CCSA)
Edison Electric Institute (EEI)
Electric Power Supply Association (EPSA)
Fusion Industry Association (FIA)

Large Public Power Council (LPPC)
National Association of Electrical Distributors (NAED)
National Association of Manufacturers (NAM)
National Electrical Contractors Association (NECA)
National Electrical Manufacturers Association (NEMA)
National Hydropower Association (NHA)
National Rural Electric Cooperative Association (NRECA)
Nuclear Energy Institute (NEI)
Solar Energy Industries Association (SEIA)