



**DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220**

March 30, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Cliff Stearns
Chairman
Committee on Energy and Commerce
Subcommittee on Oversight and Investigations
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Upton and Chairman Stearns:

I write in response to your letter of March 15, 2012, in which you ask for documents and information related to the Section 1603 program (1603 program), enacted as part of the tax provisions of the American Recovery and Reinvestment Act of 2009. The Department of the Treasury (Treasury) respects the Committee's oversight role, and we take very seriously our responsibility in working with you and your staff to provide the information you need.

The United States has been providing investment tax credits for energy projects since 1978. The economic crisis of 2008 resulted in a weakened tax equity market for renewable energy project development. The 1603 program was created to respond to that weakened market. The program's primary purpose was to increase domestic renewable energy production.

The 1603 program is not discretionary; by law, all projects meeting the statutory eligibility criteria receive funding. The eligibility criteria specified in the statute include, but are not limited to, type of energy property, type of applicant, date of application, and date the property is placed in service. Job creation is not one of the statutory requirements for eligibility and thus it is not a factor in the consideration process. Because the 1603 program's primary focus is on domestic renewable energy production, Treasury also does not report on the number of jobs created by the program. Nonetheless, we believe the 1603 program has played a vital role in expanding the U.S. renewable energy industry and, in so doing, has helped promote economic growth and the creation and retention of American jobs.

All applications received under the 1603 program are carefully reviewed before payments are made. Treasury works closely with the Department of Energy (DOE) as part of this review in order to ensure that funds are disbursed only to eligible applicants. In addition, certain factors of an application – e.g., a large claim amount or higher-than-average reported project costs, as

compared to similar types of projects – trigger additional scrutiny of that application. Applications are also subject to post-award reviews.

Enclosed please find documents responsive to your request. Included among these documents is a list, current as of March 29, 2012, that sets forth all 1603 program application projects for which construction began between January 1, 2009 and December 31, 2011, but for which construction was not complete as of December 31, 2011. As you may know, however, the application deadline is September 30, 2012, and thus additional applications are anticipated for projects meeting this description.

Please let us know if you need additional information. We look forward to working with you in the future.

Sincerely,



Richard L. Gregg
Fiscal Assistant Secretary
U.S. Department of the Treasury

Cc: The Honorable Henry A. Waxman, Ranking Member
Committee on Energy and Commerce

The Honorable Diana DeGette, Ranking Member
Committee on Energy and Commerce
Subcommittee on Oversight and Investigations