

**United States House of Representatives
Select Committee on the Climate Crisis**

**Hearing on April 20, 2021
“Making the Case for Climate Action:
Creating New Jobs and Catalyzing Economic Growth”**

Questions for the Record

**The Honorable Philip N. Bredesen
Executive Chairman of the Board
Clearloop Corporation, and
Former Governor
State of Tennessee**

The Honorable Kathy Castor

- 1. Governor Bredesen, I am working on legislation to help upgrade and expand our electric grid. How would a modernized and expanded grid help companies like Silicon Ranch and Clearloop grow and hire more workers?**

Upgrading and expanding the electrical grid is an enormous project, but one that can have an outsized impact on carbon reduction, job creation and national security. While jobs would be created within both Silicon Ranch and Clearloop, the vast majority of them will be in the manufacture of the components needed for that upgrade and the construction that results. There is an important opportunity to introduce training that enables workers to enter and progress in this new sector of the economy, and to incentivize the creation of these jobs in areas of our country which are experiencing job losses as our economy continues to evolve. The Federal government doesn't have to act in a heavy-handed way; there in the current environment there is leverage for intelligent, focused and limited action to have a large impact.

- 2. Governor Bredesen, state and local governments around the country have announced clean energy goals, clean vehicle commitments, and climate pledges. You have held multiple state offices in Tennessee from Governor to Mayor, and now you are a successful entrepreneur. How can Congress support state and local climate action? What types of investments and policies do we need?**

Many state and local governments have made commitments to decarbonization, just as many private companies have. Many of the things that Congress is considering to assist and incentivize the private sector are applicable to the public sector as well. Improvements to the tax credit process to facilitate more investment in renewables, for example, will provide additional investment in renewable energy and lower costs for state and local governments as well as major corporations.

- 3. Governor Bredesen, the pandemic is slowing tax equity financing for clean energy, with many banks hesitant to finance projects while their own tax liabilities are uncertain. Making clean energy tax credits eligible for direct pay would address some of these challenges. In your view, how would broadening the pool of investors accelerate the deployment of clean energy?**

I don't believe that making tax credits refundable (direct pay) as they were until several years ago would be a sound approach and might well slow down the development of the high quality projects at scale that modernizing the grid requires.

The former process brought a great many unqualified operators into the business and in my experience was often abused and costly to the federal government. The result was too many small, poorly-designed projects that are far from what is needed to modernize the electrical grid. The current tax equity financing process relies on sophisticated investors who bring independent third party analysis and audit into the system as a check on the developer. That involvement produces higher quality, lower cost and much larger projects. Some changes to enable a quicker write-off or to make the credits refundable after a waiting period (a couple years, for example) would free up additional tax credit financing without returning to the expensive wild west days of refundable tax credits.

- 4. Governor Bredesen, you helped found a company, Silicon Ranch, that is one of the signatories to the Solar Energy Industries Association April 27, 2021 Solar Industry Forced Labor Prevention Pledge. In addition, the Climate Crisis Action Plan recommends developing a national strategy and research program for critical minerals in the clean energy and electric vehicle supply chains and it recommends increasing domestic manufacturing of climate solutions. Governor Bredesen, what reason do you have for optimism that we can solve these challenges?**

I'm optimistic about the future because of the broadness of interest in fighting climate change through reducing greenhouse gas emissions. In the United States, the private sector has been leading the way and there is broad support for action among the largest corporations. A few states have taken legislative and regulatory action, and many local governments are beginning to address the issue. Some components of a carbon strategy—electric cars for example—have substantial citizen support. Most importantly, there is growing recognition everywhere that the changes to the energy economy that are underway can be a potent creator of jobs if we take advantage of the opportunity this change presents.

The Honorable Garret Graves

- 1. Governor Bredesen, in our conversation and in your exchange with Representative Carter, you noted some of the challenges in certain regions of the country with respect to permitting that often make it difficult to attract private investment in renewable energy products. I agree that often too much red tape can stop important infrastructure projects at all steps of the development process, which is why I introduced the BUILDER Act to make the NEPA process more efficient. While some of the challenges you mentioned are the result of local and state regulatory structures, what specific steps should Congress take to reduce obstacles in permitting and construction that will provide the necessary certainty for private investment?**

In our experience, once a customer for renewable power has been identified, the primary external challenges are the identification of a suitable tract of land and negotiation of an interconnection agreement. Nearly every site has some form of wetland issues, but it has been straightforward and not a significant expense to design in a way that meets NEPA requirements. I'm aware that others have complained about environmental permitting being a constraint, particularly in California, but it has not been a significant one for us in our markets. Most of our customers would see a significant weakening of environmental requirements to provide them their renewable energy as a major and likely disqualifying negative.

In my testimony, I suggested some capital gains changes that could make it easier to acquire the necessary land from long-term landholders, and some FERC changes that could speed and improve the technical aspect of acquiring interconnection agreements. For us, those would be more useful than changes to NEPA.