

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

The Honorable Danny Werfel
Commissioner
Internal Revenue Service
1111 Constitution Ave NW
Washington, D.C. 20224

Dear Secretary Yellen and Commissioner Werfel:

On behalf of our millions of members and supporters, we thank you for your leadership at the US Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) in implementing the Inflation Reduction Act (IRA). The IRA is one of the most consequential pieces of legislation to avoid the worst impacts of the climate crisis and the implementation of the law is of the utmost importance for our climate, communities, and environment alike. As such, we ask that you ensure broader availability of the IRA's Energy Community Bonus Credit for offshore wind that benefits energy communities and our clean energy economy.

Our climate is rapidly changing. According to the National Oceanic and Atmospheric Administration (NOAA) August 2023 Global Climate Report, global surface temperatures between June and August of this year ranked the warmest in the 174-year record.¹ Record warming during this past summer came with serious consequences, with 11 weather/climate disaster events with losses exceeding \$1 billion individually totaling \$22.8 billion cumulatively – without considering the hundreds of lives lost in these disasters.² To avoid the worsening impacts of a changing climate, it is imperative that we rapidly shift away from greenhouse gas emitting fossil fuels and towards a clean energy future.

Offshore wind is set to play a major role in the clean energy transition, with the Biden Administration setting out the ambitious goal of 30 gigawatts (GW) of offshore wind energy by 2030. Offshore wind power can and must be planned and built in a way that is compatible with protecting ocean and other marine ecosystems. And it is also imperative that we use this critical moment to transition to a clean energy economy in a manner that is just and does not leave economically fossil-dependent communities behind. The IRA's bonus tax credit for clean energy projects located in an energy community should both maximize the benefits of a clean energy economy to these communities while incentivizing the rapid buildout of clean energy resources.

While we are appreciative of the Treasury Department and IRS understanding that offshore wind merits flexibility for the Energy Community Bonus Credit through the Nameplate Capacity Attribution Rule, we believe additional clarification can further reflect and support the broad-reaching benefits that offshore wind projects can bring to energy communities, consistent with legislative intent. We strongly encourage the Treasury Department and IRS to expand the eligibility of qualified energy property for offshore wind projects. This expansion should encompass marshaling and operation and maintenance (O&M) port facilities, as well as secondary interconnection points where applicable. Further, we encourage the Treasury

¹ <https://www.ncei.noaa.gov/news/national-climate-202308>

² <https://www.ncei.noaa.gov/access/billions/>

Department and IRS to make explicitly clear that facilities that are located at those brownfield sites qualify for the Energy Community Bonus Credit.

Marshaling and O&M ports are essential for the buildout and operations of offshore wind and provide a significant number of jobs and economic impacts to the local community. The New Jersey Wind Port, for example, is expected to support 1,500 jobs and up to \$500 million of new economic activity within the State and the region each year – with the state of New Jersey also committing to constructing the port using union labor and requiring developers and contractors to pay a prevailing wage.³ Adjusting the Energy Community Bonus Credit as recommended aligns the guidance with the Congressional intent to create clean energy jobs in areas grappling with pollution remediation and the loss of fossil-dependent employment.

Reaching the President’s goal of 30 GW of offshore wind by 2030 will require significant investments in port infrastructure.⁴ Expanding the Energy Community Bonus Credit eligibility to include marshaling and O&M ports can assist both the clean energy industry in their buildout of offshore wind and encourage economic investments in energy communities as sought by the IRA.

In addition to the inclusion of marshaling and O&M port infrastructure, we encourage the Treasury Department and IRS to clarify how projects with multiple points of interconnection would navigate eligibility for the Energy Community Bonus Credit. Guidance is necessary to ensure that projects with multiple points of interconnection do not lose out on this opportunity.

Expanding this tax credit has the potential to improve life expectancy in communities living on the frontlines of industrial operations. The expanded eligibility will bring economic development and, where brownfields are cleaned up, immediate environmental improvements. In addition, we encourage the administration and offshore wind developers to use all means possible to ensure that offshore wind projects, including associated port expansions, bring direct benefits to communities and that offshore wind ports do not result in additional burdens such as increased local air pollution for host communities.

Thank you for your consideration of this request. We look forward to the Treasury Department and IRS providing guidance that best serves energy communities and our clean energy future.

Sincerely,

League of Conservation Voters

National Audubon Society

National Wildlife Federation

Natural Resources Defense Council

³ <https://nj.gov/governor/climateaction/cleanenergy/>

⁴ <https://2035report.com/offshorewind/wp-content/uploads/2023/07/supply-chain-analysis.pdf>

Ocean Conservancy

Pacific Environment

The Pew Charitable Trusts

Turn Forward