



Senator Orrin Hatch, Chairman  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Senator Hatch,

I am writing to share Sunnova's perspective on the Investment Tax Credit (ITC), a 30% tax credit for solar installations that will be stepping down to 10% in some circumstances and will be eliminated entirely in others in 2017. We do not believe an extension of this credit is necessary for the continued health of the solar industry. In fact, quite the opposite is true. If the credit is allowed to step down as planned, the industry will remain more robust in both the long- and short-term.

Sunnova is a residential solar energy company that is active in 23 states and territories including Puerto Rico, the U.S. Virgin Islands, Guam and Saipan. We founded Sunnova in 2012 and have since grown the business to tens of thousands of solar customers across the country. We work with local installation partners in the markets in which we operate to install and maintain rooftop systems on homes.

The solar industry has been aware since 2008 that the ITC would be stepping down to 10% starting in 2017. This six-year window has given the industry ample time to prepare for the decrease in the incentive. In fact, all of the largest solar power service companies, including Sunnova, have stated publicly and to investors that they are prepared for the decrease in the ITC and that their pricing and installation projections will be unaffected after 2016.

Yet, there has been an organized effort by many in the solar industry to convince legislators that the need for a five-year, or even permanent, extension of the ITC is necessary to the continued functioning of the industry. Extreme claims are being made about the number of jobs that will be lost and the number of companies that will go out of business once the ITC steps down or sunsets as planned.

At Sunnova, we respectfully disagree with these claims. We firmly believe the ITC has served its purpose and that it is now time to allow it to step down as planned. The industry made a deal with Congress in 2008 that it needed the ITC's support until 2016 and then it

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would be able to operate and, indeed, flourish without it. We, collectively as an industry, should honor that deal.

We also advise against allowing “commence construction” language to be included in any ITC-related legislation. This provision is unnecessary for residential solar projects because residential construction timelines are short enough that such language would have no bearing on a company’s ability to raise tax equity to finance them. Also, under this provision, companies will be able to claim that the project has technically “commenced” although no customers have actually been identified. In reality, such a provision would just provide an additional subsidy to solar firms that have resources to—as they did with the Treasury Grant Program—buy large numbers of panels and store them for future use. This would then allow systems built with those panels in the future to qualify for the ITC because 5% of the project had “commenced” with the purchase of the panels. This loophole would unnecessarily extend the impact of the ITC for years beyond its sunset date.

The solar industry is increasingly an established industry that no longer needs government subsidies to survive. Rather, the solar power industry is now ready to use capital market structures that other, more mature energy sources have access to, such as Master Limited Partnerships. The MLP Parity Act, sponsored by Senators Moran and Coons in the Senate and Representatives Poe and Thompson in the House, has strong bi-partisan support. The bill would level the playing field among various energy sources, not just solar, by allowing them to access the MLP capital structure, thereby giving all energy sources access to lower cost capital. In contrast to the ITC, the MLP Parity Act is supported equally by both parties and applies to multiple technologies. If legislators are interested in supporting the continued growth of the industry, we encourage them to support the MLP parity act rather than an extension of the ITC.

Additionally, if legislators are interested in enabling the continued growth of the solar industry, I encourage them to join the discussion about what the next generation of the electric grid will look like. As more distributed energy resources are employed by individuals, businesses and utilities, we will need to level the playing field and allow all types of energy and technologies access to our shared electrical system. We must push for grid neutrality in order to ensure that no technology is valued or favored over any other. The result will be a more efficient overall system that will provide the most competitive and cost-effective choices for consumers.

In the meantime, I want to make it clear that Sunnova and the rest of the solar industry are well-positioned to respond to a decrease in the ITC starting in 2017. We have had ample time to prepare and are now a mature enough industry to no longer need the government to support 30% of the cost of our projects. While we understand that some fear it could be difficult and even disruptive to transition away from such a significant subsidy, we do not believe this is a crisis for the industry. Rather, it is an opportunity to explore broader, more conventional sources of financing that will allow the industry to continue expanding.



As the solar industry, technology, and the grid evolve, so must policies that encourage and support their growth. A policy such as the ITC that was implemented for a market that existed almost a decade ago is no longer the best option for meeting renewable energy goals in today's world. Therefore, we encourage you to ensure that no new legislation is passed to create a new or extended ITC subsidy.

Yours sincerely,

A handwritten signature in black ink that reads "William J. Berger". The signature is written in a cursive, flowing style.

William J. (John) Berger, CEO  
Sunnova Energy Corporation