Dear Congresswoman Kiggans,

On behalf of Lynnhaven River NOW – Virginia Beach's leading environmental nonprofit organization – and our 15,000 members, we thank you for your steadfast leadership on energy policy. We write today in deep appreciation of your May 14 letter defending key renewable energy provisions – and to urge your immediate action following the Senate's passage of the Budget Reconciliation Bill, which, as currently drafted, risks derailing the progress we've worked so hard to achieve.

Preserve and Strengthen Renewable Energy Tax Credits

The Senate Finance Committee's version of the bill accelerates the phase-out of wind and solar credits – dropping from 100 percent in 2025 to zero after 2027 – while imposing new eligibility cliffs that jeopardize projects already under development. Without swift fixes, these sudden cut-offs will:

- **Stall Billions of Dollars in Local Investment.** Our district's solar, offshore wind, and battery storage projects depend on predictable, multi-year tax incentives. A three-year glide path cannot align with the planning horizon of large-scale energy infrastructure.
- **Threaten Thousands of Virginia Jobs.** From manufacturing to installation, Virginians rely on a stable credit environment. Uncertainty or abrupt elimination of these credits will force employers to pause hiring, or worse, lay off workers.
- **Drive Up Energy Costs & Emissions.** We risk reverting to higher-cost, carbon-intensive generation if renewables lose momentum, which would undermine Virginia's clean-energy leadership and the air quality in our communities.

We are especially concerned that the bill's Foreign-Entity-of-Concern (FEOC) provisions, while well-intentioned to protect American supply chains, remain overly broad and ambiguous. As currently written, any project with components or services indirectly tied to an FEOC – even at minimal cost percentages – could lose full credit eligibility. This approach creates compliance uncertainty, risks retroactive disqualifications, and could chill legitimate domestic investment. To retain private sector confidence, these rules must be clarified, narrowed, and sensibly grandfathered.

We are grateful for your defense of the "placed in service" deadlines, transferability, and initial FEOC safeguards. To ensure these provisions continue to accelerate local clean-energy deployment, we respectfully urge you to champion amendments that will:

- **Extend Wind & Solar Phase-Outs** along a predictable, five- to seven-year glide-path - rather than an abrupt cliff in 2027 – so projects in planning or construction can qualify in full.
- **Maintain Transferability** so that rural co-ops, municipalities, and small developers can monetize credits and attract private investment.
- **Clarify and Narrow FEOC Rules** by:
    - Defining FEOCs to exclude minor indirect suppliers and setting a clear cost-ratio threshold (e.g., 5%) for disqualification.
    - Allowing taxpayers to rely on manufacturer certifications absent actual knowledge of falsehoods.
    - Grandfathering all contracts executed before June 16, 2025, and providing a limited cure period for inadvertent non-compliance.

In Closing

The Senate's Budget Reconciliation Bill presents both opportunity and peril. Its clean-energy tax credits have the power to cement Virginia's leadership in the global transition – but only if we guard against abrupt sunsets, maintain transferability, and enforce practical and straightforward supply-chain safeguards.

Thank you for your continued advocacy on these critical issues. We stand ready to provide detailed local impact analyses, constituent stories, or expert testimony as you work to amend the Senate bill and secure a sustainable future for VA-02.

Respectfully,

Karen Forget

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