

Geothermal Exchange Organization **GEO Industry News**



Chairman's Message



Keeping the Faith

By Joe Parsons, GEO Chairman of the Board

As *GEO Industry News* readers know, the GEO staff, the Board of Directors and our DC advocacy team have been very active over the past year with untiring efforts to reinstate the federal residential and commercial tax credits for geothermal heat pumps (GHPs) that expired at the end of 2016. We have worked closely with our lobbyists in Washington and several of our companies on grassroots efforts, resulting in hundreds of calls and scores of visits to key congressional and Senate leaders. Progress continues with every step.

It's extremely encouraging that support for renewing the tax credits crosses party lines. We have Rep. Tom Reed's (R-NY) H.R. 1090 in the House that would reinstate and extend our tax credits through 2021, including a 3-year phase-out. With the help of several important allies like the National Rural Electric Cooperatives Association and the National Ground Water Association,

we've rallied amazing support for HR 1090, with more than 100 cosponsors on both sides of the aisle in full support of the bill.

Continuing to add to our cautious optimism is the recent introduction of S. 1409 in the Senate by Senators Tom Carper (D-DE) Dean Heller (R-NV). The bill compares closely with H.R. 1090, and would retroactively reinstate the residential and commercial tax credits for GHPs. We see the bills in both the House and the Senate as great opportunities to achieve our tax credit goal on Capitol Hill.

In retrospect, every GHP manufacturer anticipated a steep decline in unit sales, but I think we all underestimated just how rapid and radical that decline would be. Loss of the tax incentives has already led to the harsh reality of employee layoffs and a decline in sales of more than 40% for the first half of the year.

In fact, GEO estimates that 2.5 jobs touch a GHP from R&D, components made, GHPs produced, loop install, loop components, service techs, drill rigs produced, maintained, sales staff, office personal, etc. So we predict that by the end of the year over 56,000 people will lose good paying domestic jobs. Projections are for that decline to continue if the tax credits aren't restored by the end of this year.

Regardless of the outcome, GEO's role as an advocacy organization must continue with the support of every GHP and related manufacturer, dealer, distributor, engineer, designer, architect, installer and driller. To

GEO Action Alert!

**We need your help NOW
to promote H.R. 1090 with
emails and congressional
visits to geothermal jobs.**

Details on Page 3

GEO Heat Pump Manufacturers News

Click below to access the latest news from GEO Heat Pump Manufacturer Members



[Click Here](#)



[Click Here](#)



[Click Here](#)



[Click Here](#)

keep our industry strong, we must have a seat at the table. Its importance cannot be overstated. Constant creation of awareness keeps our technology from being overlooked or excluded in the legislative and regulatory processes in Washington and across the country. GEO must remain as the primary voice of the GHP industry.

While tax credits are at the top of the GEO priority list, it is also important that we don't lose sight of the program needs of individual states. GEO has been instrumental in kick starting some of the more recent state organizations and providing them ongoing advice. We applaud their success. In the absence of the federal tax credits for GHPs, a few states have introduced their own programs of tax credits (South Carolina and Iowa), renewable energy credits (Michigan) and rebates (New York).

Yet for all of those successes, GEO, the International Ground Source Heat Pump Association and state geothermal associations alike are struggling for membership and enough revenue to remain in operation. All companies within our industry must participate and contribute to the vital work of their associations if their long-term benefits for our stakeholders is to continue.

During a recent strategy meeting of the GEO Board of Directors, there was consensus that we must continue apply the majority of our efforts toward federal and state legislative and regulatory advocacy. And in addition to our traditional roles of partnering and promoting quality standards, research and training, we should begin paying more attention to marketing our technology and generating sales leads for our members. Such strategies can only strengthen the value of GEO membership.

Having the tax credits for the past several years, and especially during the Great Recession, was a great help to the industry. Reinstatement of the tax credits with legislation currently being considered will give the industry time to better formulate strategies to better compete with conventional HVAC equipment. But it also illustrates the need to reduce industry dependence on government funded tax credit assistance.

As an industry, we must begin building a better infrastructure of awareness and a trained installer base, while continuing to seek more economical methods of installation. Our focus should be on making our technologies more affordable so that the consumer—and the country—benefits from the energy saving and environmental protection that GHPs provide.

But first things first. GEO's primary focus must for now remain on reinstating the federal tax credits for GHPs—both residential and commercial. We must mobilize at all levels. GEO will continue to keep its finger on the pulse of government and move to maximize any opportunity that arises to ensure passage of the language in H.R. 1090 and S. 1409.

To be successful, we need member and broad stakeholder support. Now more than ever it is important that we remain vocal about the tax credit issue. This effort cannot be resolved with only a DC-based lobbying effort. I urge everyone involved in the geothermal industry to make their voices heard at the district and state level. Heed GEO's Action Alerts, and use the resources of GEO to send the right message to your elected officials at the right time.

Manufacturers, GEO members, and other stakeholders such as vendors to the GEO industry, product distributors and installers should reach out to their federal representatives in support of our legislation in the House and Senate, and offer job site visits to legislators whenever possible. Failure to act on this issue will cost jobs and sap both wage and tax revenue from local economies. I urge you all to contact your representatives and invite them to witness an installation. With your help we will all flourish once again. (GEO)

GEO ACTION ALERT!

Your support of GEO's effort to reinstate the tax credits has been phenomenal. But we're not done yet.

Please Contact Your U.S. Representative

Simply send the following in a brief email to your congressional representative, adding a sentence or two explaining how the loss of the tax credits are impacting your business:

"I am writing to encourage your support and co-sponsorship of H.R. 1090, a bipartisan bill that will ensure that there is a level playing field—and Congress is not picking winners and losers—when it comes to advanced and clean energy technologies."

To see if your congressman is already an H.R. 1090 cosponsor, **click [here](#)**.

To find your congressman's email address, **click [here](#)**.

Invite Your U.S. Representative to Visit a Job Site

Now is the time to contact your U.S. Representative for the next congressional recess, which runs from July 28th through September 2nd. Please ask your U.S. Representative and/or Senator to visit a job site.

GEO has prepared a package of materials, including instructions and sample correspondence that make it easy to request a visit by your representative. Click [here](#) to browse and copy them for your use.

Please don't hesitate to contact GEO with any questions you may have. Call (888) 255-4436.

Thanks for your help on this important issue. With your grassroots support, we can win back the residential and commercial federal tax credits for our industry.

GEO - The Geothermal Exchange Organization

Tax Credit Coalition Letter to House and Senate Leaders

July 17 – A coalition of associations representing “orphaned” technologies left out of tax credit extensions granted by Congress to solar and wind in Dec. 2015 sent a letter to House and Senate leaders supporting reinstatement of the credits. The letter was addressed to House Speaker Paul Ryan, Senate Majority Leader Mitch McConnell, House Minority Leader Nancy Pelosi, and Senate Minority Leader Chuck Schumer. It was cc’d to: Chairman Kevin Brady, House Ways and Means Committee; Ranking Member Richard Neal, House Ways and Means Committee; Chairman Orrin Hatch, Senate Finance Committee; and Ranking Member Ron Wyden, Senate Finance Committee.

“We are writing in support of HR 1090, Technologies for Energy Security Act, which extends advanced energy technology investment tax credits that expired last year. An extension of the business Section 48c and residential Section 25D credits is essential to provide parity for all technologies in those sections of the tax code. These technologies incorporate an “All of the Above” energy strategy by utilizing clean, efficient natural gas and advanced energy technologies made in America.

“As Congress considers tax reform many businesses that compete in this space are at a severe disadvantage because of inequity in the tax code. The ITC is critical to a range of advanced energy technologies such as fuel cells, geothermal, small wind, combined heat and power, microturbines, and thermal energy that help expand and diversify the nation’s electricity supply and lower costs for consumers. Additionally, by phasing these tax credits out, this legislation could serve as a transition for tax reform.

“Extending the credits for some technologies but not others distorts the marketplace and put the federal government in the position of picking winners and losers. We believe Congress should level the playing field in the marketplace, allowing all technologies to compete on their merits.

“Moreover, the use of these technologies enhances energy independence and security, all the while strengthening the resilience and reliability of the U.S. power grid. They improve efficiency and reduce long-term costs, while increasing sustainability for homeowners, hospitals, universities, small businesses, as well as Fortune 500 companies. It is also about maintaining and creating thousands of jobs and supporting domestic industries. Advanced energy technology deployment drives innovation, business, job growth, economic activity and manufacturing, much of it in rural America.

“In order to avoid further serious market disruption and provide businesses, investors, and consumers with the ability to plan in the short- and mid-term, extending these credits should be a “must pass” item on the first available and appropriate legislative vehicle. Both the business and residential credits are essential to help ensure fair competition and access in the marketplace for clean energy solutions.”

The letter was signed by the American Gas Association, Cummins Inc., Distributed Wind Energy Association, Fuel Cell & Hydrogen Energy Association, Geothermal Exchange Organization, International Ground Source Heat Pump Association, National Association of Home Builders, National Ground Water Association, National Rural Electric Cooperative Association, Plumbing-Heating-Cooling Contractors Association, Air Liquide, Bloom Energy, LG Fuel Systems Inc., and Plug Power.