

A Renewable Energy Law Update

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Federal Stimulus Provides Major Funding for Renewable Energy and Energy Conservation

The economic stimulus package passed by Congress and signed today by President Obama contains good news for supporters of renewable energy and energy conservation.

The American Recovery and Reinvestment Act of 2009 provides increased funding, extended tax incentives and outright grants to encourage renewable energy projects, energy savings and green jobs. Some of the key renewable energy features are:

- **Grants for Development of Renewable Energy Facilities** – Provides funding for grants of up to 30 percent of the cost of building a new renewable energy facility placed in service during 2009 and 2010 that would otherwise qualify for the investment tax credit ("ITC") or the production tax credit ("PTC").
- **Renewable Energy Loan Guarantees** – Establishes a temporary Department of Energy loan guarantee program for renewable energy projects, renewable energy manufacturing facilities and electric power transmission projects. Appropriates \$6 billion to pay the credit subsidy costs, which is expected to support \$60 billion of loan guarantees.
- **Production Tax Credit Extension** – Grants a three-year extension of the PTC for electricity derived from wind (through 2012) and for electricity derived from biomass, geothermal, hydropower, landfill gas, waste-to-energy and marine facilities (through 2013).
- **Investment Tax Credit in Lieu of Production Tax Credit** – To address financing difficulties resulting from the uncertain future tax positions of potential investors in renewable projects, the bill allows taxpayers to elect to claim the ITC in lieu of the PTC for renewable energy facilities placed in service from 2009 through 2013 (2009 through 2012 for wind).
- **Tax Credit for Investment in Advanced Energy** – Provides up to \$2.3 billion to fund a new 30 percent investment tax credit for investment in advanced energy facilities, such as facilities that manufacture components for the production of renewable energy,

advanced battery technology and other green technologies. Qualifying facilities must be certified by the Treasury Department, in consultation with the Department of Energy.

- **Repeal of State and Local Funding Penalty** – Repeals the penalty for subsidized renewable energy financing, allowing businesses and individuals to qualify for the full amount of the ITC, even if the project receives state or local subsidized energy financing.
- **Grid Modernization and "Smart Grid" Technology** – Provides \$11 billion in funding for modernizing the power grid and developing so-called "smart grid" technologies.
- **Hybrid Vehicles** – Provides tax credits of up to \$7,500 for plug-in hybrid electric vehicles.
- **Energy Efficiency in Federal Buildings and Federally Supported Housing** Provides \$4.5 billion to make federal office buildings more energy efficient and provides \$6.3 billion for increasing energy efficiency in federally supported housing programs.
- **Qualified Energy Conservation Bonds** – Authorizes an additional \$2.4 billion in bonds to finance state, municipal and tribal government programs to reduce greenhouse gas emissions.
- **Clean Renewable Energy Bonds** – Authorizes an additional \$1.6 billion of new clean renewable energy bonds to finance facilities that generate electricity from the following resources: wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, marine renewables and trash combustion facilities.
- **Electric Transmission Infrastructure** – Allows the Western Area Power Administration and the Bonneville Power Administration to borrow funds (up to \$3.25 billion each) to construct or finance transmission lines.
- **Green Collar Jobs** – Appropriates \$500 million to fund job training programs in energy efficiency and renewable energy.

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