



Overview

Renewable Energy Provisions

American Recovery and Reinvestment Act of 2009

The Congress has passed and the President has signed the American Recovery and Reinvestment Act of 2009 into law. This massive \$800 billion spending bill, being truly unprecedented in modern times, will drive new national strategies in renewable energy, smart grid, transmission, advanced vehicles, energy efficiency, and many other aspects of energy, environment, climate and sustainability that were at the heart of the 2008 Presidential election.

This memorandum provides ACORE members with a summary of the new program.

The full text of the tax provisions in the stimulus package can be found here.

http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf

The full text of the appropriation provisions in the stimulus package can be found here.

http://thomas.loc.gov/home/h1/Recovery_Bill_Div_A.pdf

Tax Incentives

Three-Year Extension of PTC: The bill provides a three-year extension of the Production Tax Credit (PTC) for electricity derived from wind facilities through December 31, 2012, as well as for geothermal, biomass, hydropower, landfill gas, waste-to-energy and marine facilities through December 31 2013.ⁱ

Investment Tax Credit (ITC) Accessible to All Renewable Energy: The bill provides project developers of wind, geothermal, biomass and other technologies eligible for the PTC, the option of instead utilizing the 30% ITC that previously only applied to solar and other clean technology projects.ⁱⁱ

Repeals Subsidized Energy Financing Limitation on ITC: The bill would allow businesses and individuals to qualify for the full amount of the ITC, even if their property is financed with industrial development bonds or other subsidized energy financing.ⁱⁱⁱ

Grant Program in Lieu of Tax Credits: The bill allows project developers to apply for a grant from the Treasury Department in lieu of the ITC. The grant will be equal to 30% of the cost of eligible projects that start construction in 2009 or 2010. It will be issued within sixty days of the facility being placed in service or, if later, within sixty days of receiving a grant application.^{iv}

Increases Credit for Alternative Fuel Pumps: The bill increases the size of credits for installing alternative fuel pumps at gas stations from 30 to 50% (\$30,000 to \$50,000) for taxable years 2009-2010.^v

Advanced Energy Manufacturing Credits: The bill provides \$2 billion worth of energy-related manufacturing investment credits at a 30% rate.^{vi} These credits apply to projects creating or retooling manufacturing facilities to make components used to generate renewable energy, storage systems for use in electric or hybrid-electric cars, power grid components supporting addition of renewable sources, and equipment for carbon capture and storage (CCS).^{vii}

Plug-in Electric Drive Vehicle Credit: The bill increases the tax credit for qualified plug-in electric drive vehicles for the first 200,000 placed in service. The base amount of the credit is \$2500. Batteries with at least 5 kilowatt hours of capacity have a credit of \$2917. The credit is further increased by \$417 for every kilowatt hour in excess of 5 kilowatt hours, but cannot exceed \$5000.^{viii} The credit is allowed to be taken against the alternative minimum tax (AMT).^{ix}

Five Year Carry-Back Provision for Operating Losses of Small Businesses: The bill would extend the carry-back period for net operating losses (NOL) from two to five years for tax years 2008 and 2009.^x An eligible NOL includes the NOL for any taxable year ending in 2008 or if the taxpayer chooses, any taxable year beginning in 2008. An election under this provision may only be taken for one taxable year.^{xi}

Extends Bonus Depreciation: The bill extends, through 2009, the temporary increase of bonus depreciation to 50% that Congress enacted last year. These write offs can be applied to capital expenditures ranging from \$250,000 to a newly increased threshold of \$800,000.^{xii}

Direct Spending

Total Direct Spending for Renewable Energy and Energy Efficiency: The bill provides \$16.8 billion in direct spending for renewable energy and energy efficiency programs over the next ten years.^{xiii}

Grid Development: The bill provides \$4.5 billion to modernize the nation's electricity grid with smart grid technology.^{xiv} The bill increases federal matching grants for the Smart Grid Investment Program from 20% to 50%.^{xv}

R&D, Demonstration Projects: The bill provides \$2.5 billion for renewable energy and energy efficiency R&D, demonstration and deployment activities.^{xvi}

Federal Power Marketing Administrations: The bill provides \$6.5 million for capital investments by certain federal power marketing administrations in electric power transmission systems.^{xvii}

Advanced Battery Grants: The bill provides \$2 billion for grants for the manufacturing of advanced batteries and components. This includes the manufacturing of advanced lithium ion batteries, hybrid electrical systems, component manufacturers, and soft-ware designers.^{xviii}

Defense Energy and Efficiency Programs: The bill provides \$300 million to the DOD for the purpose of research, testing and evaluation of projects to energy generation, transmission and efficiency.^{xix} The bill provides an additional \$100 million for Navy and Marine Corps facilities to fund energy efficiency and alternative energy projects.^{xx}

Study of Electric Transmission Congestion: The bill requires the Secretary of Energy to include a study of the transmission issues facing renewable energy in the pending study of electric transmission congestion that is due to be issued in August 2009.^{xxi}

Bond and Loan Programs

Clean Energy Renewable Bonds (CREBs): The bill provides \$1.6 billion of new clean energy renewable bonds to finance wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, marine renewable, and trash combustion facilities.^{xxii} One-third of the authorized funding will be available for qualifying projects of state/local/tribal governments, one-third for public power providers and one-third for electric cooperatives.^{xxiii}

Renewable Energy Loan Guarantee Program: The bill provides \$6 billion for a temporary loan guarantee program for renewable energy power generation and transmission projects^{xxiv} that begin construction by September 30, 2011.^{xxv} Up to \$500 million of the overall \$6 billion can be used for the development of leading edge biofuels that have been demonstrated and have commercial promise to substantially reduce greenhouse gas emissions.^{xxvi}

ⁱ "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle B- Energy Incentives. Part I- Renewable Energy Incentives, SEC. 1101. EXTENSION OF CREDIT FOR ELECTRICITY PRODUCED FROM CERTAIN RENEWABLE RESOURCES. 33.

http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf

ⁱⁱ "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle B- Energy Incentives. Part I- Renewable Energy Incentives, SEC. 1102. ELECTION OF INVESTMENT CREDIT IN LIEU OF PRODUCTION CREDIT. 34. http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf

ⁱⁱⁱ "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle B- Energy Incentives. Part I- Renewable Energy Incentives, SEC. 1103. REPEAL OF CERTAIN LIMITATIONS ON CREDIT FOR RENEWABLE ENERGY PROPERTY. 36.

http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf

"THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009. FULL SUMMARY OF PROVISIONS FROM SENATE FINANCE, HOUSE WAYS & MEANS COMMITTEES." FEBRUARY 12, 2009, 11.

^{iv} "THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009. FULL SUMMARY OF PROVISIONS FROM SENATE FINANCE, HOUSE WAYS & MEANS COMMITTEES." FEBRUARY 12, 2009, 14.

^v "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle B- Energy Incentives. PART III—ENERGY CONSERVATION INCENTIVES. SEC. 1123.

TEMPORARY INCREASE IN CREDIT FOR ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY. 47.
http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf

^{vi} "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle D—Manufacturing Recovery Provisions. SEC. 48C. QUALIFYING ADVANCED ENERGY PROJECT CREDIT. 102. http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf.

^{vii} Geman, Ben. RENEWABLE ENERGY: Bingaman, Baucus eye changes to House grant plan. E&E News. 1/28/09
<http://www.eenews.net/EEDaily/2009/01/28/2>

^{viii} "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle B- Energy Incentives. PART V—PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES. SEC. 1141. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.50
http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf

^{ix} "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle B- Energy Incentives. PART V—PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES. SEC. 1144. TREATMENT OF ALTERNATIVE MOTOR VEHICLE CREDIT AS A PERSONAL CREDIT ALLOWED AGAINST AMT. 66 http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf

^x "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle C—Tax Incentives for Business PART I—TEMPORARY INVESTMENT INCENTIVES. SEC. 1211. 5-YEAR CARRYBACK OF OPERATING LOSSES OF SMALL BUSINESSES. 74.
http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf.

^{xi} "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle C—Tax Incentives for Business PART I—TEMPORARY INVESTMENT INCENTIVES. SEC. 1211. 5-YEAR CARRYBACK OF OPERATING LOSSES OF SMALL BUSINESSES. 75-76.
http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf.

^{xiii} "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle C—Tax Incentives for Business PART I—TEMPORARY INVESTMENT INCENTIVES. SEC. 1202. TEMPORARY INCREASE IN LIMITATIONS ON EXPENSING OF CERTAIN DEPRECIABLE BUSINESS ASSETS. 74. http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf.

"STIMULATING STUFF: CONGRESS AGREES MAJOR MEASURES TO HELP US RENEWABLES." New Energy Finance. 12 Feb. 2009, 2.

^{xiii} "American Recovery and Reinvestment Act of 2009" Title IV- Energy and Water Development, Department of Energy- Energy Programs, Energy Efficiency and Renewable Energy. 58.
http://thomas.loc.gov/home/h1/Recovery_Bill_Div_A.pdf

^{xiv} "American Recovery and Reinvestment Act of 2009" Title IV- Energy and Water Development, Department of Energy- Energy Programs, Energy Efficiency and Renewable Energy. 60.
http://thomas.loc.gov/home/h1/Recovery_Bill_Div_A.pdf

^{xv} "Bill Summary: AMERICAN RECOVERY AND REINVESTMENT BILL OF 2009 (ARRA)Energy & Commerce Provisions on Health Care, Broadband, and Energy" U.S. House of Representatives. 4.

^{xvi} "25x25 Policy Brief." February 13, 2009. 2

http://www.25x25.org/storage/25x25/documents/Policy%20Briefs/policy_brief_02_13_09_final.pdf

^{xvii} "American Recovery and Reinvestment Act of 2009" Title IV- Energy and Water Development, Environmental and Other Defense Activities. 64. http://thomas.loc.gov/home/h1/Recovery_Bill_Div_A.pdf

^{xviii} "American Recovery and Reinvestment Act of 2009" Title IV- Energy and Water Development, Department of Energy- Energy Programs, Energy Efficiency and Renewable Energy. #59.

http://thomas.loc.gov/home/h1/Recovery_Bill_Div_A.pdf; "STIMULATING STUFF: CONGRESS AGREES MAJOR MEASURES TO HELP US RENEWABLES." New Energy Finance. 12 Feb. 2009.

^{xix} "American Recovery and Reinvestment Act of 2009" Division A- Appropriation Provisions. TITLE III- DEPARTMENT OF DEFENSE OPERATION AND MAINTENANCE. RESEARCH, DEVELOPMENT, TEST AND EVALUATION. 48. http://thomas.loc.gov/home/h1/Recovery_Bill_Div_A.pdf

^{xx} "American Recovery and Reinvestment Act of 2009" Division A-Appropriation Provisions. TITLE X-MILITARY CONSTRUCTION AND VETERANS AFFAIRS. DEPARTMENT OF DEFENSE. MILITARY CONSTRUCTION, NAVY AND MARINE CORPS. 196.

http://thomas.loc.gov/home/h1/Recovery_Bill_Div_A.pdf

^{xxi} "American Recovery and Reinvestment Act of 2009" Division A-Appropriation Provisions Title IV- Energy and Water Development, SEC. 1705. TEMPORARY PROGRAM FOR RAPID DEPLOYMENT OF RENEWABLE

ENERGY AND ELECTRIC POWER TRANSMISSION PROJECTS. SEG.409~RENEWABLE ELECTRICITY TRANSMISSION STUDY. 80. http://thomas.loc.gov/home/h1/Recovery_Bill_Div_A.pdf

"THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009. FULL SUMMARY OF PROVISIONS FROM SENATE FINANCE, HOUSE WAYS & MEANS COMMITTEES." FEBRUARY 12, 2009

^{xxii} "American Recovery and Reinvestment Act of 2009" Division B- Other Provisions. Title 1- Tax Provisions. Subtitle B- Energy Incentives. PART II—INCREASED ALLOCATIONS OF NEW CLEAN RENEWABLE ENERGY BONDS AND QUALIFIED ENERGY CONSERVATION BONDS. SEC. 1111. INCREASED LIMITATION ON ISSUANCE OF NEW CLEAN RENEWABLE ENERGY BONDS. 39.

http://thomas.loc.gov/home/h1/Recovery_Bill_Div_B.pdf

^{xxiii} THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009. FULL SUMMARY OF PROVISIONS FROM SENATE FINANCE, HOUSE WAYS & MEANS COMMITTEES." FEBRUARY 12, 2009, 11.

^{xxiv} "American Recovery and Reinvestment Act of 2009" Division A-Appropriation Provisions. Title IV- Energy and Water Development, Title 17-Innovative Technology Loan Guarantee program. 63.

http://thomas.loc.gov/home/h1/Recovery_Bill_Div_A.pdf

^{xxv} "Bill Summary: AMERICAN RECOVERY AND REINVESTMENT BILL OF 2009 (ARRA)Energy & Commerce Provisions on Health Care, Broadband, and Energy" U.S. House of Representatives. 4.

^{xxvi} "Bill Summary: AMERICAN RECOVERY AND REINVESTMENT BILL OF 2009 (ARRA)Energy & Commerce Provisions on Health Care, Broadband, and Energy" U.S. House of Representatives. 4.