Catch The Sun – Harness the Wind

New Credits and Incentives Spark Interest in Renewable Energy

Wind, solar, and other renewable energy projects have been given a big boost, thanks to recent federal and state incentives. Developers would be smart to think creatively and take advantage of the funding to finance their projects at competitive rates.

QUICK TAKE

- The Federal Stimulus puts power into renewable energy use with tax credits and financial incentives.

TAKE A LOOK AT THE INCENTIVES...

The American Recovery and Reinvestment Act of 2009 (better known as the Federal Stimulus) extended the Production Tax Credit (PTC) for wind-generating facilities put into service by the end of 2012. The PTC provides a 10-year tax credit per kilowatt hour produced at certain renewable energy facilities, including wind facilities. Or, developers can apply to the Treasury Secretary for a non-discretionary grant equal to 30% of the project's cost in place of the PTC and the Investment Tax Credit (ITC).

And that's not all. Twenty-eight states and the District of Columbia now have Renewable Portfolio Standards (RPS) that require a certain percentage of energy production from renewable sources such as wind and solar—and many more are considering the move. A number of states have jump-started wind and other renewable energy facilities with a combination of financial incentives and a new tradable commodity in the form of Renewable Energy Credit (REC) certificates created under the RPS programs.

REC certificates are proof of the production of one megawatt hour (MWh) of energy from an approved renewable energy resource. Typically, a regulated electricity utility meets its state RPS requirement by purchasing RECs on the open market or from renewable energy production facilities. REC prices vary from state to state, depending on factors such as location, and the supply, demand, and utilization of renewable energy supplies.

Climate Change
Paul D. Durbin 312.460.4211

To further promote the use of renewable energy sources, the federal government is considering a national Renewable Portfolio Standard. As proposed a national RPS would require utilities to produce up to 25% of their power from renewable sources by 2025, or purchase RECs representing renewable energy production. Legislation under consideration defines renewable sources as solar, wind, ocean, tidal, geothermal, biomass, methane, incremental hydropower, or hydrokinetic energy.

If national standards are passed, they likely will establish a floor for state RPS counterparts. What's more, federal legislation would create a national REC market, leading to utilities purchasing credits from renewable energy producers in states with abundant resources.

Opportunities abound. If you would like to discuss some of these incentives in greater detail, please call our office.