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Novogradac News Brief: Renewable Energy Tax Credits.

Published By Novogradac & Company LLP

On March 11, 28 senators sent a letter to Senate Majority Leader Harry Reid, D-Nev., and Finance Committee Chairman Ron Wyden D-Ore., stating their support for the consideration of the Renewable Energy Parity Act of 2014 (S. 2003). The Senators wrote to express their support for modifying the eligibility standard under the Section 48 investment tax credit (ITC) in a tax extenders package. The bill would extend the ITC for solar projects under construction. Currently, a project must be placed in service by Dec. 31, 2016 to qualify. The letter is available at www.energytaxcredits.com

On March 17, the Massachusetts Department of Energy Resources (DOER) released the draft Assurance of Qualification Guideline for review and comment. The DOER is specifically looking for feedback on the process for obtaining extended reservation periods under Section 5.B. of the guideline. Comments are due by March 28. The guideline outlines the process by which the DOER will grant assurances of qualification to projects under the Solar Renewable Energy Credit (SREC-II) Solar Carve-Out program. The SREC-II shifts development away from large, standalone ground-mounts and toward three specific market sectors: residential or carport projects or any project up to 25 kilowatts; rooftop or ground-mounted projects greater than 25 kilowatts with at least two-thirds of annual output used on-site; and landfill or brownfield projects, or projects up to 650 kilowatts with less than two-thirds of annual output used on-site. Projects that do not fall into one of these categories will be in the managed growth market sector. The program's goal is to install 1.6 gigawatts of solar photovoltaic projects by 2020. The program is expected to become effective early in the second quarter, once formal review proceedings are completed. The draft guideline is available at www.mass.gov/eea.

On March 21, Sens. Mark Udall, D-Colo., and Chuck Grassley, R-Iowa, along with 24 other senators, sent a letter to the Senate Finance Committee urging extension of the ITC and production tax credit (PTC) for wind energy in the tax-extender legislation. The PTC expired at the end of 2013. The letter states that wind energy provides power to more than 15 million homes across the and that the industry has spurred \$105 billion in investment in the U.S. economy. They close the letter by stating that the legislation should be taken into consideration immediately. The letter is available at www.energytaxcredits.com.

On March 31, the American Council on Renewable Energy (ACORE) released the report, "Outlook for Renewable Energy in America: 2014." The report was co-authored by the U.S. Renewable Energy Trade Associations, and evaluates the energy market and forecasts each renewable energy technology sector from the perspectives of U.S. renewable energy trade associations. The articles in

the report detail specific market drivers for the biofuel, biomass, geothermal, hydropower, solar, waste and wind energy sectors. The report is available at www.energytaxcredits.com.

On March 19, SunEdison announced the completed construction of the Cascade solar power plant. The 24 megawatt (MW) direct current solar power plant located in the California Desert, is working with San Diego Gas & Electric to supply the company renewable electricity through a 20-year power purchase agreement (PPA). The PPA was given under the California Renewable Auction Mechanism. SunEdison, a solar technology manufacturer and provider of solar energy services, worked with Wells Fargo, which provided tax equity financing for the 150-acre solar power plant. SunEdison Renewable Operation Center, which provides asset management, monitoring, field dispatch and reporting services, will manage the plant.

New Generation Power Texas LLC announced on Feb. 13 that it has begun construction on the first phase of the Texas Wind Farm. In order to qualify for the PTC, which expired at the end of 2013, the renewable energy company works on pre-construction development, early investments and permitting. The 400 MW wind farm is located in Haskell County outside of Dallas, Texas, on 22,000 acres of land. Construction will be completed in two phases, with total costs estimated to be between \$650 and \$700 million. The wind farm is expected to produce more than 1,800 million megawatt hours (MWh) of energy annually. Rosendin Electric Inc., an engineering, power and communications provider, will be the primary contractor. Construction of both phases is expected to be complete by the end of 2015.

On April 2, the Treasury Inspector General for Tax Administration (TIGTA) released the report, "Recovery Act: Processes for Ensuring Compliance with Qualifying Advanced Energy Project Credit Requirements Can Be Strengthened." TIGTA conducted the audit to assess the effectiveness of the Internal Revenue Services' (IRS') efforts to ensure manufacturer compliance with advanced energy credit requirements. The report, published on Feb. 6, found that the IRS ensured manufacturers complied with agreement and certification requirements. However, the report stated that the IRS does not have a process to identify individual taxpayers who incorrectly claim the tax credit. TIGTA found that more than 1,000 individual taxpayers who claimed more than \$3 million in Advanced Energy Credits for Tax Year 2011 but did not appear to have a relationship with a manufacturer that was awarded the credit. TIGTA provided recommendations for the IRS to develop processes to ensure that changes in projects are fully evaluated and to ensure that individuals are properly claiming the credit. The report is available at www.energytaxcredits.com.