

Bond Case Briefs

Municipal Finance Law Since 1971

Renewable Energy Tax Credit News Briefs - June 2018

The Colorado Department of Revenue issued Colorado Private Letter Ruling No. PLR-18-002 April 12. The PLR provides guidance on the state renewable energy investment tax credit (ITC). The PLR concluded that the taxpayer, an entity included in a combined report, can claim refundable enterprise zone renewable energy ITC refunds up to the refundable cap of \$750,000 per year for as many years as needed to use the refundable amount. In addition, for investing in renewable energy sources in an enterprise zone, the taxpayer owns and operates all renewable energy investment assets of the project. Instead of claiming the ITC as a credit against income tax, the taxpayer may receive a cash refund equal to 80 percent of the tax credit. The balance of the refundable ITC may be carried forward each year, up to the yearly cap, until fully used.

The U.S. Energy Information Administration (EIA) issued mid-April its report, "Direct Federal Financial Interventions and Subsidies in Energy in Fiscal Year 2016." The study showed that federal energy subsidies fell between 2013 and 2016. Wind and solar subsidies fell from \$15.5 billion to \$6.7 billion from 2013 to 2016, with the production tax credit (PTC) dropping from \$1.7 billion to \$1.4 billion, and the ITC dropping from \$2 billion to \$1.2 billion. The report is an update based on fiscal year 2016 data and continues a series of EIA reports on federal direct financial interventions and subsidies into energy markets. The report is available at www.energytaxcredits.com.

Xcel Energy's \$1.6 billion plan for a 1.2 gigawatt (GW) expansion was approved by Texas regulators April 27, a month after approval from New Mexico regulators. Xcel's Hale project in Texas and its Sagamore facility in New Mexico will provide a combined 1 GW and are expected online in 2019 and 2020, respectively. Xcel expects to begin construction in June on the 478 megawatt (MW) Hale wind project, and construction on the 522 MW Sagamore wind project will begin next year. Xcel anticipates the two projects will create approximately 600 construction jobs and 40 to 50 full-time positions. The two facilities will qualify for 100 percent of the PTC.

Novogradac Journal of Tax Credits Volume 9 Issue 6

Friday, June 8, 2018