



THE PEW CHARITABLE TRUSTS

Consolidated Tax and Spending Package: Impacts on Clean Energy

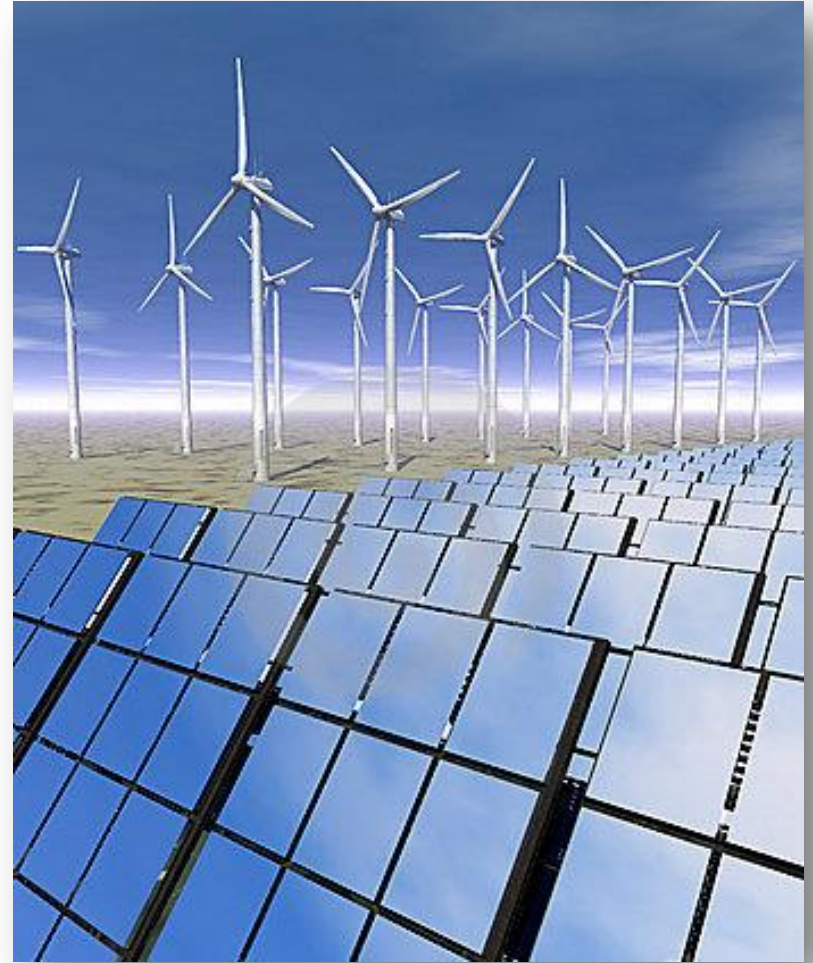
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Pew Clean Energy Initiative

Our goal is to accelerate the clean energy economy for its national security, economic and environmental benefits.

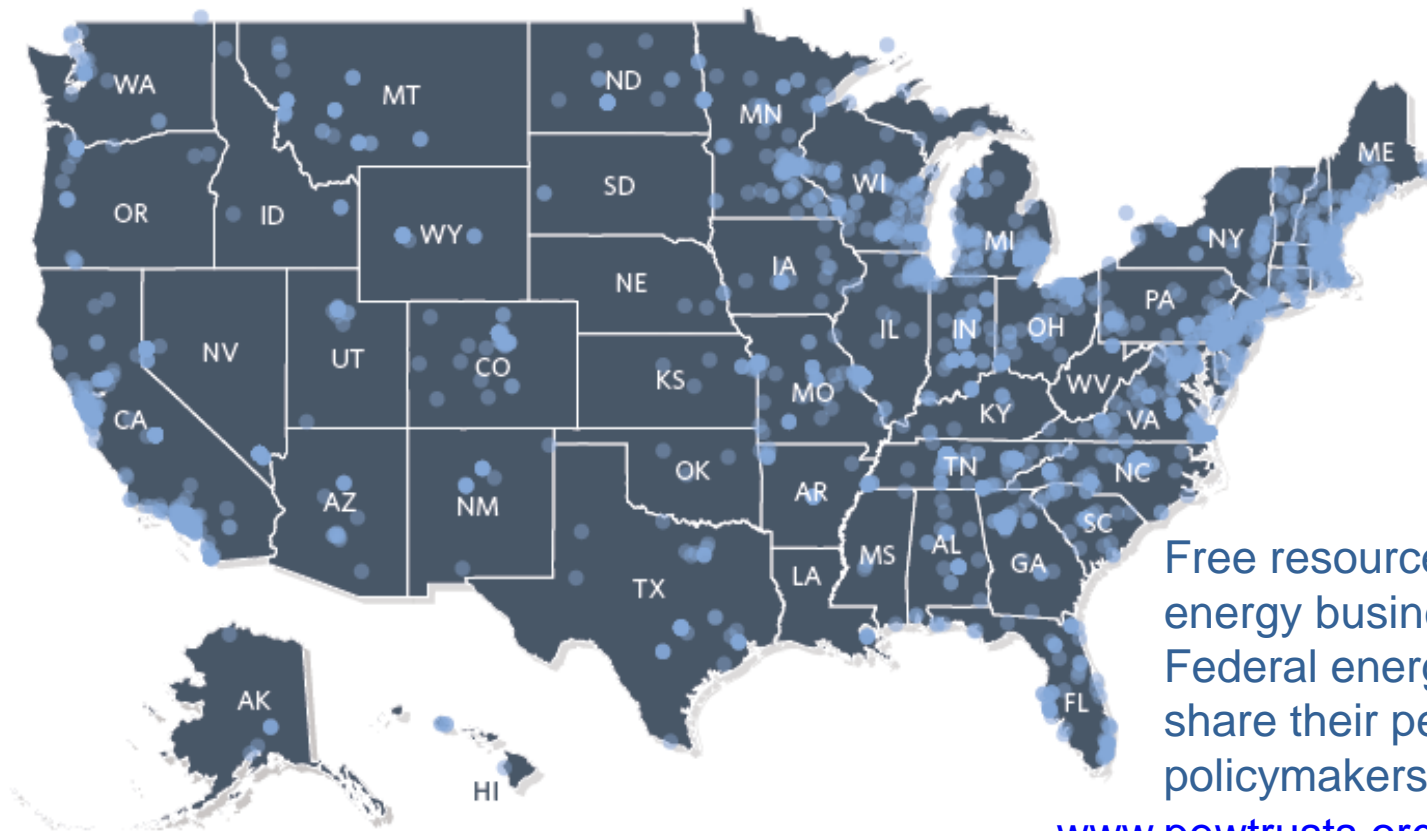
The initiative promotes the adoption of key changes to U.S. energy policy in four sectors:

- Industry
- Utilities
- Transportation
- Research and development



Pew Clean Energy Business Network Member Locations

More than 3,000 business leaders nationwide



Free resource to inform clean energy business leaders about Federal energy policy and share their perspectives with policymakers

www.pewtrusts.org/businessnetwork

Speakers

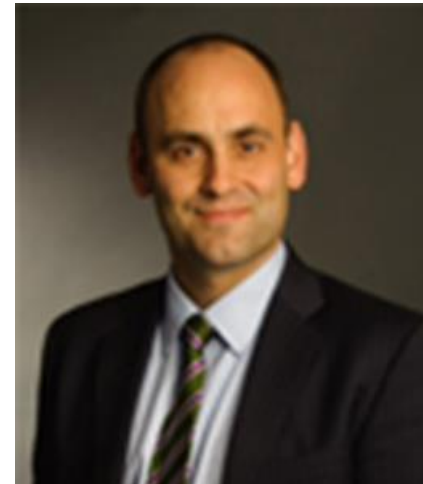
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Subject Matter



H.R. 2029, Consolidated Tax and Spending Package (Dec. 2015)

- **Omnibus Spending Bill:**
 - *Consolidated Appropriations Act, 2016*
 - Appropriates funding for all federal agencies for fiscal year 2016 (through Oct. 1, 2016)
- **Tax Extenders Bill:**
 - *Protecting Americans from Tax Hikes (PATH) Act of 2015*
 - Generally extends tax incentives that expired at end of 2014

Omnibus Spending Bill

- Includes a number of provisions for clean energy in exchange for ending the ban on U.S. exports of crude oil

Program	Funding Level in Fiscal Year 2016
Energy Efficiency and Renewable Energy	\$2.073 billion (+8% over FY15)
Advanced Research Projects Agency-Energy (ARPA-E)	\$291 million (+4% over FY15)
Loan Guarantee Program	\$17 billion (0% change from FY15)
Office of Science (National Labs, research, etc.)	\$5.35 billion (+6% over FY15)
Defense Production Act Fund- Advanced Biofuels	\$45 million
<i>Additionally, no repeal of Sec. 526 of EISA (which prohibits agencies from purchasing fuels that are less efficient than conventional petroleum)</i>	
<i>Extends production and investment tax credits for some technologies (more to follow)</i>	

Production Tax Credit (Sec. 45)

Technology	Prior Law	Changes in 2015
Wind	2.3 ¢/kwh through 2014	100% of value in 2015-2016 80% in 2017 60% in 2018 40% in 2019 0% in 2020
Closed-Loop Biomass	2.3 ¢/kwh through 2014	Extended through 2016
Open-Loop Biomass	1.1 ¢/kwh through 2014	Extended through 2016
Geothermal Energy	2.3 ¢/kwh through 2014	Extended through 2016
Landfill Gas	1.1 ¢/kwh through 2014	Extended through 2016
Municipal Solid Waste	1.1 ¢/kwh through 2014	Extended through 2016
Qualified Hydroelectric	1.1 ¢/kwh through 2014	Extended through 2016
Marine and Hydrokinetic	1.1 ¢/kwh through 2014	Extended through 2016

Investment Tax Credit (Sec. 48) & Residential Tax Credit (Sec. 25D)

Technology <i>(all refer to ITC except as noted for solar)</i>	Prior Law	Changes in 2015
Solar ITC	30% through 2016 10% permanently	30% through 2019 26% through 2020 22% through 2021 10% permanently Projects must <u>commence</u> construction by deadline
Solar Residential Credit	30% through 2016	Same as above, but no permanent credit after 2021
Fuel Cells	30% through 2016	No change
Small Wind	30% through 2016	No change
Geothermal	10% permanently	No change
Microturbines	10% through 2016	No change
Combined Heat and Power	10% through 2016	No change
Waste Heat to Power	Not included	No change

Protecting Americans from Tax Hikes (PATH) Act of 2015

Technology	Prior Law	Changes in 2015
Research & development credit	20% traditional credit and 14% alternative simplified credit, through 2014	Permanent
Residential energy efficiency improvements	10% of cost of EE purchases (with caps), through 2014	Extended through 2016; certain materials now required to be Energy Star
Construction of energy-efficient new homes	\$1,000-2,000 for 30-50% reduction in heating and cooling (compared to international codes), through 2014	Extended through 2016
Energy efficiency improvements to commercial buildings	\$0.30-\$1.80 per sq. ft. depending on technology and energy savings, through 2014	Extended through 2016

PATH Act continued

Technology	Prior Law	Changes in 2015
Alternative fuel refueling property (ethanol, biodiesel, liquified hydrogen, CNG/ LNG)	30% of capital investments, through 2014	Extended through 2016
Cellulosic ethanol – credit for producers	\$1.01/ gal, through 2014	Extended through 2016
Cellulosic ethanol – bonus depreciation	50% deduction for year placed in service, through 2014	Extended through 2016
Biodiesel – credit for producers	\$1.00/ gal for biodiesel/ biomass fuel, through 2014; \$0.10 for small agri-biodiesel, through 2014	Extended through 2016
Alternative fuels and mixtures – blender credit (CNG/ LNG, ethanol, biofuels, liquified hydrogen)	\$0.50/ gal excise or income tax credit, through 2014	Extended through 2016

PATH Act continued

Technology	Prior Law	Changes in 2015
Plug-in electric motorcycles/scooters	10% of new vehicle cost, up to \$2,500, through 2014	Extended through 2016
Fuel cell vehicles	\$4,000 for new passenger/light duty vehicles; up to \$40,000 for heavier vehicles	Extended through 2016

Next Steps in 2016

- Tax credits expiring Dec. 31, 2016 – will be a push to extend many of these
- Industries NOT benefiting from the current tax deal will continue to push for additional changes

Next Steps on Power Efficiency and Resiliency (POWER) Act (H.R. 2657/ S. 1516)

Current Law	The POWER Act (S. 1516, H.R. 2657)	WHP 2015 Bill (S.913)
10% ITC for combined heat and power	Expand ITC to 30%, on par with other technologies such as solar	-----
Does not include waste heat to power	Include waste heat to power as qualifying technology for 30% credit	Include waste heat to power as qualifying technology for 10% credit
Applies to the first 15MW of projects which are smaller than 50 MW	Apply to first 25MW, eliminate project size cap	Applies to projects which are smaller than 50 MW
Expire Dec. 2016	Expire Dec. 2018	Expire Dec. 2016

For More Information

- Consolidated Tax and Spending Package:
[Text of the Law](#)
[Summary](#)
- POWER Act:
www.pewtrusts.org/industrialefficiency
- Clean Energy Business Network:
www.pewtrusts.org/businessnetwork
- Questions? Contact Lynn Abramson:
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