

# Renewable Energy Provisions of Energy Policy Act of 2005



## AESP Brown Bag Seminar on Energy Policy Act of 2005

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# Solar Tax Credits

- Production tax credit for solar energy not renewed
- New income tax credit for residential solar systems
  - 30% of system cost with \$2,000 cap per system
  - Eligible technologies – PV, solar thermal (no pool heating)
  - Systems must be placed in service between 1/1/06 & 12/31/07

# Solar Tax Credits - continued

- Business investment tax credits
  - Increased from 10% to 30%
  - Eligible technologies include PV, solar thermal, and solar hybrid lighting (pool heating excluded)
  - Systems placed in service between 1/1/06 & 12/31/07 eligible for 30% credit, 10% credit applies before and after this time period
  - No cap

Source: Solar Energy  
Industries Association

# Fuel Cell Tax Credits

- Fuel cells are not “renewable energy,” but are highly efficient and can be powered by renewable fuels
- Income tax credit for residential systems
  - 30% of system cost with \$500 per kW cap
  - System must be placed in service between 1/1/06 & 12/31/06 to receive the credit
- Investment tax credit for business systems
  - 30% of system cost with \$1000 per kW cap
  - System must have a nameplate capacity of at least 0.5 kW and an electricity only generating capacity greater than 30%
  - System must be placed in service between 1/1/06 & 12/31/07 to receive the 30% credit

# Microturbine Tax Credits

- Microturbines are not “renewable energy,” but are highly efficient
- Production tax credit extended to January 1, 2008 and credit duration is extended from 5 years to 10 years (Source: Ingersoll-Rand)
- Business investment tax credit of 10% of system cost with \$200 per kW cap
  - System must have a nameplate capacity of less than 2,000 kW and an electricity only generation efficiency of not less than 26%
  - System must be placed in service between 1/1/06 & 12/31/07 to receive the credit.

# Clean Renewable Energy Bonds

- Tax credit bonds that provide a federal tax credit sufficient to offset and write-down the cost on bonds issued for qualified purposes down to 0%.
- \$800 million authorization for bonds over next two years
- Regulations to be promulgated within 120 days

(Source: Environmental Law & Policy Center)

# Other Key Renewable Energy Provisions

- Wind production tax credit extended through Dec. 31, 2007
- Renewable Fuel Standard (RFS)
  - Requires 7.5 billion gallons renewable content in gasoline by 2012 and 250 million gallons of cellulosic ethanol in 2013
  - Inadequate protections to ensure RFS does not increase air pollution
- Missing from the energy bill – the renewable portfolio standard in the Senate bill, which would have required utilities to obtain 10% of their energy from renewable energy sources by 2020