

The American Recovery and Reinvestment Act Puts Construction, Manufacturing Back to Work: Key Provisions Invest in Solar Energy to Keep Job-Creating Sector Booming

House – Senate Conference Offers Chance to Improve Bill Further for Greater Economic Impact

A number of provisions in both House and Senate versions of the American Recovery and Reinvestment Act of 2009, will maintain the solar energy industry's solid 3-year growth trend. If enacted, these provisions will result in creating 67,000 jobs, installing 1 gigawatt of solar power and saving more than 1 million tons of carbon emissions in 2009 alone:

Renewable Energy Grants: Offers DOE grants equal to 30 percent of the cost of solar property placed in service during 2009 and 2010, an alternative to tax credits that are not functioning as Congress intended. *SEIA supports creation of grant program and recommends allowing grants for utility-scale projects that have commenced construction within 2 years or are placed in service by 2013. (H.R. 1)*

Federal Power Purchase Agreement (PPA) Term: *SEIA recommends allowing the federal government to enter into 30-year power purchase agreements to secure long-term, below-market electricity rates by placing solar energy on federal buildings and lands. (Current limit is 10 years. This provision is not included in either House or Senate version.)*

Repeals Penalty for Financing Solar Projects: Allows businesses and individuals to qualify for the full amount of the solar tax credit, even if projects are financed with local development bonds or other subsidized energy financing. *SEIA supports this provision in both H.R. 1 and Senate version.*

Loan Guarantee Program: Establishes a temporary DOE loan guarantee program for renewable energy and electric power transmission projects. *SEIA recommends modifying the new program to allow "innovative" technologies (along with "commercial" technologies) to qualify for the new program. Also, projects that "reach financial close by Sept. 30, 2012" should be eligible for a loan guarantee. (H.R. 1, Senate version)*

Manufacturing Investment Credit: Provides up to \$2 billion to fund 30 percent investment tax credit for facilities engaged in the manufacture of advanced energy property. Projects must be certified by the Treasury, in consultation with the Secretary of Energy, through competitive bidding. *SEIA supports this Alternative Energy Investment Credit in the Senate version and recommends removing the prohibition on using this credit along with the Enhanced Research and Development Credit.*

Remove Limits on Solar Water Heating: Repeals the \$2,000 monetary cap, making solar water heating property eligible for the full 30 percent tax credit, like other solar technologies. *SEIA supports this provision in both House and Senate versions.*

5-Year Carry-Back of Business Tax Credits: Extends the carry-back period for general business tax credits, including energy credits, from 1 year to 5 years, and temporarily allows 2008 and 2009 credits to be used to offset alternative minimum tax. *SEIA supports this Senate provision. (Senate version.)*

Extend Bonus Depreciation: Allows businesses to recover 50 percent of the cost of capital investment more quickly to spur upfront expenditures in 2009. (H.R. 1) *SEIA supports this provision in both House and Senate versions.*

Solar on Federal Property: Appropriates \$6 billion for expenditures to construct, repair and make alterations on federal buildings (and \$950 million for VA medical facilities) to increase energy efficiency, including installing solar energy equipment. (H.R. 1, Senate version converts to high performance green buildings and only includes \$323 million for VA facilities.) *SEIA supports the House version.*

Energy Dept. Funding: Appropriates \$18.5 billion to energy efficiency and renewable energy areas, including \$2 billion for R&D, demonstration and deployment projects. (H.R. 1, Senate is \$14.4 billion.) *SEIA recommends \$2.6 billion for EERE (Senate version) with \$400 million to go specifically to solar energy areas, including the Solar Energy Technologies Program and solar heating and cooling research within the Building Technologies Program.*

Interior Dept. Funding: Appropriates \$135 million to BLM for the management of lands and resources and suggests funds be used for renewable energy rights-of-way and related permitting projects. (Senate version.) *SEIA supports the Senate provision and recommends \$5 million be used to expedite processing of permits for renewable energy development.*

New Clean Renewable Energy Bonds (“New CREBs”): Provides an additional \$1.6 billion for new clean renewable energy bonds to finance facilities that generate electricity from renewable energy sources including solar facilities. *SEIA supports this provision in both the House and Senate versions.*

Enhanced R&D Credit: Provides enhanced 20 percent research and development credit in 2009 and 2010 for research expenses for renewable energy sources including solar and efficient transmission of electricity. *SEIA supports the House version and recommends eliminating a prohibition on using this credit in conjunction with the manufacturing tax credit.*

Qualified Energy Conservation Bonds: Authorizes \$2.4 billion in bonds to finance State, municipal and tribal government programs to reduce greenhouse gas emissions. *SEIA supports this provision in both the House and Senate versions.*

Electric Transmission Infrastructure: Allows Western Area Power and Bonneville Power Administrations to borrow funds (up to \$3.25 billion each) to construct or finance transmission lines. House version directs the DOE to include analysis of renewable energy sources, including solar, in its 2009 National Electric Transmission Congestion Study. *SEIA supports the House version.*

Solar for Schools: Appropriates \$20 billion (Senate and House differ somewhat in directed funding levels) in grants for public schools and institutions of higher education to renovate facilities, including installation of solar energy systems. (H.R. 1, Senate version has \$20.5 billion.) *SEIA supports the Senate’s \$17 billion funding for public schools, the House funding for higher education projects (\$6 billion) and House language to carve out 25 percent of funds for green projects.*

Green Collar Jobs: Appropriates \$500 million (\$250 million in Senate version) to fund job training programs in energy efficiency and renewable energy. Also appropriates \$300 million (\$160 million in Senate version) for rehabilitation and construction projects on Job Corps Centers, including energy efficiency and renewable energy. *SEIA supports the House version’s funding levels.*

Smart Grid: Provides 50 percent reimbursement to electric utilities that carry out smart-grid demonstration projects. *SEIA supports this provision in both House and Senate versions.*

Solar for the Military: Appropriates \$350 million for DOD research, development, testing and evaluation of projects to improve energy generation and transmission. Senate version appropriates \$200 million, an additional \$494 million for Navy and Marine Corps facilities, and further specifies that funds are for use by operational forces and military installations, including solar demonstrations. *SEIA recommends the House funding level with the Senate’s project-specific language, and the Senate’s \$494 million for Navy and Marine Corp projects.*

Remedy for AMT and R&D Credits in Lieu of Bonus Depreciation: Senate version allows a taxpayer in a loss position to use the bonus depreciation. *SEIA supports the Senate provision.*

Solar Water Treatment Plants: Appropriates \$2.4 billion in grants that could be used to put solar on wastewater treatment plants. Senate version allocates less than \$2 billion. *SEIA recommends the House version.*