

H.R. 1, American Recovery and Reinvestment Bill of 2009

Highlights of

Provisions of Importance to the Electric Utility Industry

Tax Provisions

Bonus Depreciation

- Provides a one-year extension of bonus depreciation; this would allow an immediate write-off of 50% of the cost for capital expenditures incurred in 2009. Also includes a special utility rule permitting an extra year (through 2010) to place-in-service long-lived assets, such as distribution and transmission property.
- Also extends through 2009 a provision allowing taxpayers to elect to receive 20% of their unused AMT and R&D credits in lieu of bonus depreciation.

Production Tax Credit (PTC)

- Provides a long-term extension of the renewable production tax credit. Wind facilities would be eligible through December 31, 2012; other renewable qualifying facilities (such as hydropower, closed-and open-loop biomass) would be eligible through December 31, 2013.
- Allows a temporary election to claim the 30% investment tax credit in lieu of the production tax credit for qualifying facilities in the year property is placed-in-service by December 31, 2012 for wind and by December 31, 2013 for other renewable facilities.
- Provides for Treasury Department grants in lieu of tax credits. For companies not able to utilize the PTC or ITC tax credits, they could receive a grant in the amount of 30% of the cost of the renewable facility that begins construction in 2009 and 2010.

Other Tax Provisions

- Establishes a new 30% investment tax credit for facilities engaged in the manufacture of advanced energy property (available only for projects certified by the Secretary of the Treasury, in consultation with the Secretary of Energy, through a competitive bidding process). This would include technology for the production of renewable energy, energy storage, energy conservation, efficient transmission and distribution of electricity, and carbon capture and sequestration.

- Extends and modifies tax credits for improvements to energy-efficient existing homes. For 2009 and 2010, the credit for individuals is increased from 10% to 30%, and the dollar cap is increased from \$500 to \$1,500.
- Modifies and increases the tax credit for plug-in electric drive vehicles. Creates a new 10% credit of the cost of converting any motor vehicle into a qualified plug-in electric drive vehicle through 2011.

Appropriations Provisions

Renewable Energy Programs

- \$6 billion for a temporary loan guarantee program aimed at rapid deployment of renewable energy (Including wind, solar and incremental hydro) and electric transmission projects.
- \$2 billion grant program for Advanced Battery Manufacturing.
- \$400 million for the Advanced Research Projects Agency- Energy (ARPA-E).

Transmission and Smart Grid Programs

- \$4.5 billion for Electric Delivery and Electric Reliability programs to modernize the grid, including \$100 million for worker training, \$80 million for DOE studies and assessments, expansion of Smart Grid funding to 50% matching grant program and other Smart Grid program enhancements.
- \$3.25 billion in bonding authority each for BPA and WAPA to construct transmission facilities.
- \$500 million temporary loan guarantee program for deployment of transmission and renewable projects where construction commences by September 30, 2011.

Fossil Energy

- \$3.4 billion for fossil energy and research, including \$800 million for Clean Coal Power Initiative Round III and over \$1.5 billion for carbon capture and storage demonstration and energy efficiency projects.

Efficiency Programs

- \$6.3 billion for energy efficiency and conservation grants to the States. This includes \$3.2 billion for the Energy Efficiency and Conservation block grant program for state and local governments, of which \$ 400 million is awarded competitively.

- States also receive \$3.1 billion for State Energy Programs, conditioned in part on state assurances to seek to implement flexible for pro-efficiency utility regulations and more stringent building codes. States are to give priority to funding state and utility efficiency and renewable programs.
- \$5 billion for the Weatherization Assistance Program for low income homes.
- \$8.7 billion for modernization and efficiency improvements at federal facilities, of which \$4.5 billion goes to GSA and \$4.2 billion goes to DOD.
- \$400 million for the Plug-In Electric Drive Vehicle Program to states and local governments to carry out projects to encourage the use of electric vehicles.