



ENERGY AND NATURAL RESOURCES

# Federal Tax Incentives and the Cleantech Outlook

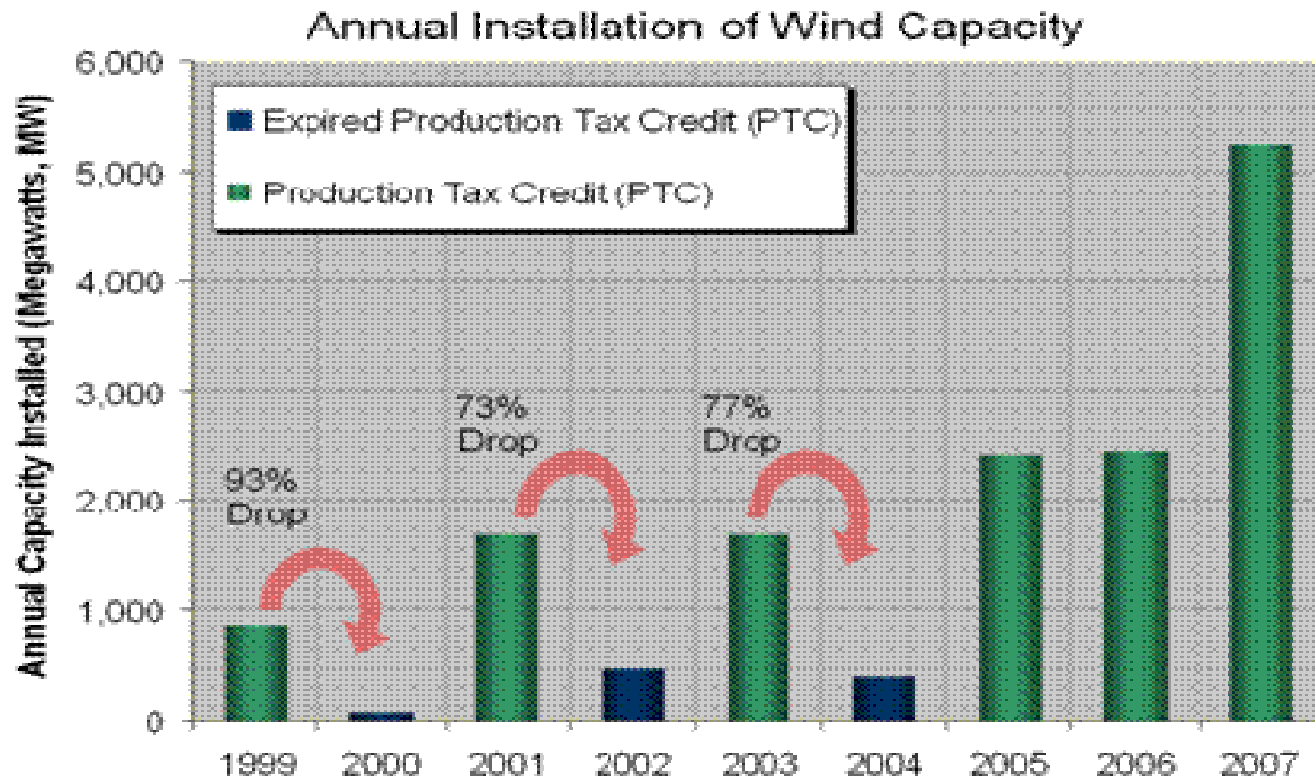
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# Taxes and Cleantech, Why Do We Care?



SOURCE: American Wind Energy Association

# The Bailout Bill

- ◆ **H.R. 1424: Extends expiring alternative energy provisions and creates many new tax incentives for cleantech.**
- ◆ **Wind credit only gets a one-year extension.**
- ◆ **Solar is the big winner – 8 year extension, AMT modification and repeal of utility prohibition.**
- ◆ **Other winners: public utilities, carbon capture and sequestration technologies. Oil and coal companies?**
- ◆ **New incentives include: wave/tidal power, combined heat and power, plug-in hybrids, energy conservation bonds, residential wind.**

# The Bailout Bill – What does it Mean?

- ◆ Will large financials continue to bankroll renewables projects? They appear to lack the cash on hand and tax appetite to do so.
- ◆ Will the utilities step in to the breach? If so, what does that mean for pricing on renewables deals?
- ◆ What is the role of the public utility commissions on utility investment in cleantech?
- ◆ From a utility perspective, how does a wind investment compare to a solar investment?

# Cleantech – Taking the Long View

- ◆ Congress is almost certain to return to energy legislation early in the 111<sup>th</sup> Congress. If for no other reason, the wind credit must be extended.
- ◆ One possible outcome next year is a federal Renewable Portfolio Standard.
- ◆ A federal cap and trade program is on the horizon but only the distant horizon.

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