Numerous renewable energy tax incentives were extended as part of the 11th-hour legislation passed by Congress late last night to avoid the so-called "Fiscal Cliff." Among the bill's many provisions, perhaps the most high-profile in the energy arena was a one year extension of the 2.2 cents/kilowatt hour production tax credit (PTC) for wind energy that is estimated to be worth roughly $12 billion.

The inclusion was hailed by the American Wind Energy Association, which according to their release, is integral for the preservation of nearly 37,000 jobs for turbine and other parts manufacturers across the country. One key change to the PTC was made in the deal which modified the existing provision to allow developers to claim the credit for projects that begin construction on January 1, 2014, rather than actually having to be in service and generating electricity by that date. Wind industry representatives say the less onerous terms are needed because it can take nearly two years to permit and construct a wind farm. Debate in Washington over the extension of the wind PTC has been very intense with opponents of the provision raising objectives over its extension now that wind-derived electricity is considered largely mature field and the original intent of the tax credit that began in 1992 was meant to be a short-term incentive for a then fledgling industry.

The total value of the related renewable energy tax incentives totaled roughly $18 billion, with the vast majority of that number coming from the temporary extension of the wind PTC. Other notable inclusions in the energy tax extenders deal were one year extensions of:

- The $1.01/gallon cellulosic biofuel tax credit;
- The $1/gallon biodiesel tax credit;
- The Section 25C program which covers 10 percent of the cost for energy efficiency upgrades to homes;
- The 30 percent credit for the costs of of alternative-fuel vehicle refueling stations; and
- Stimulus era credits that provided home builders a $1000 to $2000 for building energy efficient homes and credits ranging from $25 to $250 for consumers to buy energy efficient appliances.

By: Wednesday, January 2, 2013 at 03:21 PM
Tags: Biofuels, Energy, Power Generation, Renewable Energy