

BCSE: America Recovery and Reinvestment Act Report, June 8, 2009

This report presents recent announcement and implementation activities associated with ARRA-funded programs.

Highlights include:

- IRS Issues New Guidance on Renewable Energy Tax Credits
- Funding Announcements
 - President Obama Announces Over \$457 Million for Geothermal and Solar
 - DOE Announces of \$50 Million for Geothermal Heat Pumps
 - DOE Announces of \$170 Million for Geothermal Technologies Program
- DOE Previews \$45M for Large Wind Turbine Drivetrain Testing Facility
- June 18th Web Seminar on Loan Guarantee Application Guidelines & Procedures
- White House Issues Statement on Lobbying Connected to ARRA Grant Applications
- Links to State Energy Program (SEP) Proposals

IRS Issues New Guidance on Renewable Energy Tax Credits

On June 5, the IRS issued Notice 2009-52, which provides guidance informing taxpayers how to elect to claim the Investment Tax Credit (ITC) under IRC § 48 in lieu of the Production Tax Credit (PTC) under IRC § 45 with respect to qualifying ARRA projects.

- **Summary:** The election to claim the ITC in lieu of the PTC applies to Wind, Biomass, Geothermal, Landfill gas; Trash facilities; Qualified hydropower; and Marine and hydrokinetic. To qualify, a taxpayer must claim the ITC with respect to *qualified property* that is an *integral part* of the facility on a completed Form 3468. Form 3468 must be filed with the taxpayer's income tax return for the year in which the property is placed in service.
- **Comment:** As a separate election must be made for each qualifying facility, if "qualifying facility" is defined narrowly (e.g., a single wind turbine) the procedure may be very burdensome. Additionally, the IRS issued little guidance on how it will define property that is an "integral part" of an applicant's facility.
- **Future Guidance:** The Notice is focused on the procedural aspects of the PTC to ITC election, offers little in the way of substantive guidance, and provides virtually no guidance on grants in lieu of the ITC. Treasury is expected to issue substantive guidance on these and other issues in the coming months.

For full text of IRS Notice 2009-52, please

visit:http://www.novoco.com/energy/resource_files/irs_guidance/notices/notice_09-52.pdf

The principal author of notice is:[Jennifer C. Bernardini, Office of Associate Chief Counsel, \(202\) 622-3110.](#)

Funding Announcements

President Obama Announces Over \$457 Million for Geothermal and Solar

On May 27th, President Obama announced over \$467 million from the ARRA to expand and accelerate the development, deployment, and use of geothermal and solar energy throughout the United States. The funding announced represents a substantial down payment that the USG hopes will help the solar and geothermal industries overcome technical barriers, demonstrate new technologies, and provide support for clean energy jobs.

Geothermal: ARRA makes a \$350 million new investment in Geothermal. ARRA funding will support projects in four crucial areas:

- Geothermal demonstration projects (\$140 Million)
- Enhanced Geothermal Systems (EGS) research & development (\$80 Million)
- Innovative exploration techniques (\$100 Million)
- National Geothermal Data System, Resource Assessment, & Classification System (\$30 Million)

Solar: DOE will provide \$117.6 million in Recovery Act funding to accelerate widespread commercialization of clean solar energy technologies across America. ARRA funding will support projects in three crucial areas:

- Photovoltaic Technology Development (\$51.5 Million)
- Solar Energy Deployment (\$40.5 Million)
- Concentrating Solar Power Research and Development (\$25.6 Million)

DOE has started to post FOAs and other announcements about these opportunities online under funding opportunities. In this report, you will find a list of highlighted projects. .

For more information on President Obama's announcement and DOE programs, please visit:

http://apps1.eere.energy.gov/news/daily.cfm/hp_news_id=167

DOE Announces \$50M to Accelerate Deployment of Geothermal Heat Pumps

On June 2nd, Secretary Chu announced nearly \$50 million from the ARRA to advance commercial deployment of the renewable heating and cooling systems, which use energy from below the Earth's surface to move heat either into or away from the home or building. Specifically, DOE today is announcing opportunities for geothermal heat pump projects in three areas:

- **Innovative Technology Demonstrations:** Cost-shared technology demonstration projects that retrofit/incorporate a minimum of 50 tons of heating/cooling capacity and can be deployed in various geological conditions and climate zones in either residential or commercial buildings. Projects should incorporate innovative business and financing strategies, and focus on technological improvements to speed marketplace deployment.
- **Life Cycle Cost Tools:** Projects that will assist in determining project feasibility by gathering and analyzing data related to system costs, performance, and installation techniques that decrease life-cycle cost applications for GHPs.
- **National Certification and Accreditation:** A national certification and accreditation program for the GHP industry designed to increase consumer confidence in the technology, reduce the potential for improperly installed systems, and assure product quality and performance. *For more information, please visit:*
http://apps1.eere.energy.gov/news/daily.cfm/hp_news_id=169

Geothermal Technologies Program (GTP) FOA, Total \$170M, Ceiling Request \$5M

On May 27th, the Department of Energy issued an FOA for Geothermal Technologies Program (GTP). A total of \$170, million is expected to be available for new awards under this announcement. Funding will be distributed among three topic areas, summarized below:

- **Topic Area 1:** Validation of Innovative Exploration Technologies EISA Section 613 addresses the demonstration of innovative site characterization and/or drilling

exploration technologies. GTP's goal is to reduce the high level of risk during early stages of geothermal project development.

- **Topic Area 2:** Geothermal energy production from low temperature resources, coproduced fluids from oil and gas wells, energy production from oil and gas fields as well as the recovery and production of geopressured resources, and geothermal energy production from low temperature geothermal resources. GTP's goal is to demonstrate the technical and economic feasibility of geothermal energy production from these non-conventional geothermal resources.
- **Topic Area 3:** Geothermal Data Development, Collection, and Maintenance EPO Act 2005 Section 931(a)(2)(C) includes authorization for continued data submission to the National Geothermal Data System (NGDS) created from Funding Opportunity Announcement DE-PS36-08GO98020. GTP's goal is to develop, collect, and maintain data for all 50 states for the NGDS in order to make geothermal data available to the public and reduce the risk associated with initial stages of geothermal development.

For more information, please visit:

<http://www07.grants.gov/search/search.do;jsessionid=zvG9Kd9WChLPJZjvLVHb4KVcBN2ZHjkJ3INbpzKJTHB1zZIQVlcp!-1908586553?oppld=47584&flag2006=false&mode=VIEW>

FOA Point of Contact is: Genevieve Wozniak at genevieve.wozniak@go.doe.gov

DE-FOA-0000109

DOE Previews \$45M for Large Wind Turbine Drivetrain Testing Facility

In June, DOE Field Office (GO) intends to issue, on behalf of the DOE Office of Energy Efficiency and Renewable Energy (EERE), Wind and Hydropower Technologies Program (WHTP), a \$75 million Funding Opportunity Announcement (FOA) entitled "Recovery Act: Large Wind Turbine Drivetrain Testing Facility."

Background: The United States lacks a test stand large enough to test today's utility-scale turbine systems and larger designs. A large drivetrain testing facility, which will feature an instrumented dynamometer test stand, will enable the wind industry to develop, test and validate large-scale land based and off-shore wind turbine drivetrain systems domestically.

Proposal Information: DOE envisions awarding a single \$45 Million financial assistance grant award on a competitive basis. Each proposal must include organizational participants from university, state and local government, and a plan for achieving long-term sustainable operation, maintenance and funding without DOE assistance.

Applicants need to be free of conflict of interest such as turbine manufacturers who would use the testing facility.

For more information, please visit:

<https://e-center.doe.gov/doebiz.nsf/d76fbc294818822885256d98006c63b6/b1745f29e7e27a9c852575a7006a29e1?OpenDocument>

Or contact FOA Point of Contact:

Pamela Brodie at pamela.brodie@go.doe.gov

June 18th Web Seminar on DOE Loan Guarantee Application Guidelines & Procedures

Interactive Web Seminar for June 18th, 1:00 to 2:30 pm (EST). Please register by Midnight (Eastern), Wednesday, June 17. Many renewable energy projects have been stuck in financing purgatory since the onset of the credit crisis in Fall of 2008. With the guidelines and procedures being released by DOE, July will see an onslaught of applications flooding DOE.

The panel will address a number of pressing questions, including:

- What types of projects and facilities are eligible for these guarantees?
- What criteria must be met in applying?
- How will the application process work?
- What will the “uniform” terms for the loan guarantees be?
- What roles will banks and the loan market itself play in processing applications?
- When will the government start processing applications, and writing the guarantees?
- How will private sector lenders respond to the program?

Webinar Moderator and Panelists will include:

- Keith Martin, Partner with Chadbourne & Parke LLP, Moderator. □□
- Steven S. Greenwald, Managing Director, Credit Suisse, and □ Senior Member, Global Project Finance Group (New York), Panelist.
- Kenneth Hansen, Partner, Chadbourne & Parke LLP, Panelist.
- Walter S. Howes, Managing Partner, Verdigris Capital, Former head of the DOE loan guarantee program, Panelist.

For more information and to register for this webinar, please visit:

<http://quest.cvent.com/EVENTS/Info/Invitation.aspx?i=20441396-96fd-4a90-a538-b2f7b245b8f7>

White House Comments on ARRA Lobbying Rules, Increases Transparency Requirements

On May 29th, Norm Eisen (Special Counsel to the President for Ethics and Government Reform) updated Recovery Act Lobbying Rules to expand limits on special interest influence.

The regulations already:

- Required all oral communications between federally registered lobbyists and government officials concerning Recovery Act policy to be disclosed on the Internet;
- Barred registered lobbyists from having oral communications with government officials about specific Recovery Act projects or applications and instead required those communications to be in writing; and
- Required those written communications to be posted on the Internet.

In his letter, Mr. Eisen explained that The White House intends to:

- Expand the restriction on oral communications to cover all persons, not just federally registered lobbyists, to include anyone exerting influence on the grant making process.
- Focus the restrictions on oral communications to after competitive grant applications are submitted and before awards are made. Comments (unless initiated by an agency official) must be in writing and will be posted on the Internet.
- Require immediate internet disclosure of all other communications with registered lobbyists. A form must be posted to each agency’s website documenting the contact.

For more information, please visit:

http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m-09-16.pdf

<http://www.whitehouse.gov/blog/Update-on-Recovery-Act-Lobbying-Rules-New-Limits-on-Special-Interest-Influence/>

ARRA State Energy Plans / Proposals

Many States have submitted their applications to DOE for State Energy Program (SEP) funding from the Recovery Act. The following states have put their plans on public web pages (click on the state name for the link):

[Maine](#), [Idaho](#), [Washington](#), [California](#), [Iowa](#), [New York](#), [Colorado](#), [New Hampshire](#), and [Ohio](#)

The Arizona governor issued a [press release](#) about SEP activities. Other states may choose to publish planned activities in the future.