

**Renewable Electricity Production Tax Credit*
Energy Policy Act of 2005**

Qualifying Resource**	Placed in Service Date	Amount of Credit indexed for inflation***	Credit Period	Modification from Previous Law
Hydroelectric Power	August 8, 2005 through January 1, 2008	0.75 cents per kWh	10 years beginning on date efficiency improvements or additions to capacity are placed in service	New Provision
Indian Coal	August 8, 2005 through January 1, 2009	\$1.50 per ton for years 2006 through 2009; \$2.00 after 2009	7 years beginning on January 1, 2006	New Provision
Closed-loop Biomass	December 31, 1992 through January 1, 2008	1.5 cents per kWh	10 years after the placed in service date	Placed in service date extended 2 years
Closed-loop biomass modified to co-fire with coal and/or biomass	Placed in service and modified to co-fire with coal and/or biomass before January 1, 2008	1.5 cents per kWh multiplied by the ratio of the thermal content of the closed-loop biomass to the thermal content of all fuels used in the facility	10 years after the placed in service date but beginning no earlier than October 22, 2004	Placed in service date extended 2 years
Open-loop Biomass	Before January 1, 2008	.75 cents per kWh	10 years if placed in service after August 8, 2005 If Before: 5 years beginning on January 1, 2005	Placed in service date extended 2 years; Expanded credit period from 5yrs to 10; now includes nonhazardous lignin waste material
Open-loop Biomass using agricultural livestock waste nutrients	October 22, 2004 through January 1, 2008 (nameplate capacity of at least 150kW)	.75 cents per kWh	10 years if placed in service after August 8, 2005; If before: 5 years after placed in service date. For those placed in service prior to January 1, 2005, credit period begins on January 1, 2005	Placed in service date extended 2 years
Poultry Waste	December 31, 2003 through January 8, 2008	1.5 cents per kWh; .75 cents per kWh if placed in service after January 1, 2005	10 years if placed in service from October 22, 2004 to January 1, 2005 or after August 8, 2005; 5 years if placed in service from January 1, 2005 to August 8, 2005	Placed in service date extended 2 years; Modified credit period
Municipal Solid Waste (landfill gas facilities and trash combustion facilities)	October 22, 2004 through January 1, 2008; including new trash combustion units placed on existing facilities	.75 cents per kWh	10 years if placed in service after August 8, 2005; If before: 5 years after placed in service date. For those placed in service prior to January 1, 2005, credit period begins on January 1, 2005	Placed in service date extended 2 years; Expanded credit period from 5yrs to 10; Credit applies to new units placed in service in connection with existing facilities; Doesn't qualify if it is allowed credit under Section 29****
Geothermal Energy	October 22, 2004 through January 1, 2008	1.5 cents per kWh	10 years if placed in service after August 8, 2005; If before: 5 years after placed in service date. For those placed in service prior to January 1, 2005, credit period begins on January 1, 2005	Placed in service date extended 2 years; Expanded credit period from 5yrs to 10
Refined Coal	October 22, 2004 through January 1, 2009	\$4.375 per ton	10 years after the placed in service date	Doesn't qualify if it is allowed credit under Section 29****
Solar Energy	October 22, 2004 through January 1, 2006	1.5 cents per kWh	10 years if placed in service after August 8, 2005; If before: 5 years after placed in service date. For those placed in service prior to January 1, 2005, credit period begins on January 1, 2005	Expanded credit period from 5yrs to 10; Placed in service date NOT extended
Small Irrigation Power	October 22, 2004 through January 1, 2008	.75 cents per kWh	10 years if placed in service after August 8, 2005; If before: 5 years after placed in service date. For those placed in service prior to January 1, 2005, credit period begins on January 1, 2005	Placed in service date extended 2 years; Expanded credit period from 5yrs to 10
Wind Energy	December 31, 1993 through January 1, 2008	1.5 cents per kWh	10 years after the placed in service date	Placed in service date extended 2 years

*** Eligibility Requirements:**

The electricity must be *produced by the taxpayer* from qualified resources at a qualified facility during the credit period and *sold by the taxpayer* to an unrelated person during the taxable year.

Note: To be eligible, the producer must have a tax liability.

Behind the meter production is not eligible for the credit.

**** Definitions of Certain Qualifying Resources:**

Closed-loop Biomass: any organic material from a plant which is planted exclusively for purposes of being used at a qualified facility to produce electricity.

Open-loop Biomass: any agricultural livestock waste nutrients or any solid, nonhazardous, cellulosic waste material or nonhazardous lignin waste material which is segregated from other waste materials and derived from forest-related resources including mill and harvesting, residues, precommercial thinnings, slash, and brush, or solid wood waste materials including waste pellets, crates, dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings, or agricultural sources including orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues. (Does *not* include municipal solid waste, gas derived from the biodegradation of solid waste, or paper which is commonly recycled. Does *not* include biomass burned in conjunction with fossil fuel (co-firing) beyond such fossil fuel required for startup and flame stabilization.)

*****Current credit indexed for inflation:**

The inflation adjustment factor for the year 2005 is: 1.2528; making the credit for electricity sold in 2005 *1.9 cents* for wind energy, closed-loop biomass, geothermal and solar, *.9 cents* for open-loop biomass, small irrigation power, municipal solid waste and hydroelectric power, and *\$5.481 per ton* for refined coal.

******Section 29 Credit:**

Credit for producing fuel from a nonconventional source: provides a tax credit of \$3 multiplied by the barrel-of-oil equivalent of qualified fuels produced and sold by the taxpayer to an unrelated person during the taxable year. Qualified fuels include oil produced from shale and tar sands, gas produced from geopressured briung, Devonian shale, coal seams, a tight formation or biomass, and liquid, gaseous or solid synthetic fuels produced from coal.