

American Recovery and Reinvestment Act Program Plan Cash Assistance for Specified Energy Property in Lieu of Tax Credits

Under current law, taxpayers are allowed to claim a production tax credit for electricity produced by certain renewable energy facilities and an investment tax credit for certain renewable energy property. These tax credits help attract private capital to invest in renewable energy projects. Current economic conditions have severely undermined the effectiveness of these tax credits. As a result, the Recovery Act allows taxpayers to receive cash assistance from the Treasury Department in lieu of tax credits. This funding will operate like the current-law investment tax credit. The Treasury Department assistance will be equal to 30 percent of the cost of the renewable energy facility (the percentage depends on the type of facility) within sixty days of the facility being placed in service or sixty days after receiving an eligible application. The Department of Energy and Treasury are working in partnership to develop and implement the program.

Objectives

The overall purpose of this program is to promote renewable energy. Current law allows taxpayers to claim a production tax credit for electricity produced by certain renewable energy facilities and an investment tax credit for certain renewable energy property. Because of the impact of current economic conditions on taxable income, the value of these tax credits to investors who finance renewable energy projects has decreased. This program's objective is to provide an alternative means to attract financing for renewable energy projects.

Assistance will be given to persons who place in service qualified energy property expanding the use of clean and renewable energy and decreasing dependency on non-renewable energy sources and reducing carbon emissions. Projects to be funded under this program include fuel cell power plants which convert fuel into electricity; projects that use solar power to generate electricity, small and large wind projects, geothermal property that generates electricity and thermal energy, micro-turbines that convert fuel into electricity, and combined heat and power system property that generates electricity. Projects will vary in size and amount of production.

Specific projects that receive awards will be reported after they have been financed.

Activities

Projects to be funded under this program include fuel cell power plants which convert fuel into electricity; projects that use solar power to generate electricity, small and large wind projects, geothermal property that generates electricity and thermal energy, micro-turbines that convert fuel into electricity, and combined heat and power system property that generates electricity. Projects will vary in size and amount of production. The Department of Energy and the Treasury Department are working in partnership to develop and implement the program.

Applications can be received beginning in July 2009 through December 31, 2011. This program and the Cash Assistance for Housing in Lieu of Tax Credits program has been appropriated \$1 million for administrative expenses. A portion of the funding will be used on this program to develop the documentation requirements and the application forms, processing the applications that are received, and for reimbursable expenses associated with an agreement with the Department of Energy to leverage their expertise in renewable energy and provide compliance support.

Characteristics

The initiative utilizes cash assistance and makes award dollars available to the owners (or in some circumstances, lessees) of energy-producing projects, as determined and made eligible by Sections 45 and 48 of the Internal Revenue Code.

The beneficiaries of the program are: 1) the project owners/lessees that receive funds; 2) individuals and companies that are employed in the construction, operation and maintenance of projects; and 3) users of renewable energy

Delivery Schedule

The application package for assistance includes a general notice, application form, instructions, and terms and conditions will be available no later than June 30, 2009. Applications will be reviewed within 50 days of receipt.

Activity	Completion Date
General information is released on Treasury.gov website about the program	3/24/2009
Application package is available	6/30/2009
First award	60 days after receipt of application

National Environmental Policy Act Compliance

The National Environmental Policy Act and Related Laws do not apply to qualified low-income buildings funded with Section 1602 sub-awards.

Measures

This initiative will support Treasury goals by focusing on timely evaluations and timely release of funds. Performance measures are as follows:

Measure	Target
Cycle time in days between receipt of application and date of award	60
Cycle time in days between notification date and funding	5

Monitoring and Evaluation to Achieve Transparency and Accountability

Treasury will monitor and review several items including: percent on-time performance for project activities; obligations and outlays; acquisition competition and contract types; performance measure actual values versus targets; and accountability metrics monthly. Corrective and/or preventive actions that are established as a result of the reviews will be tracked for implementation. Risk factors will be reviewed and mitigation strategies will be implemented to minimize the probability of fraud and abuse. The program will be assessed for the level of risk associated with its activities, and the impact of those factors should they occur. The public will be kept informed through Recovery.gov and Treasury.gov.

Additionally, the program will monitor and/or estimate recipient benefit information to determine the extent to which Recovery Act benefits are reaching the American people. Recipient information will be treated as outcome indicators as opposed to performance measures with set targets since many of these benefits are voluntary. Additional compliance information will be developed as the program matures.

The following recipient information will be monitored and reported:

- Name of recipient entity
- Name of project
- Brief description of project
- Location of project: city/county, state, zip code
- Number of jobs created
- Number of jobs retained
- Number of total projects
- Amount of energy produced

Barriers to Implementation

Treasury has little experience in administering energy related programs. The Department is standing up the program, but it will need to rely on the expertise of the Energy Department to assist in administering the program.

National Environmental Policy Act Compliance and Federal Infrastructure Investments

The funding provided to Treasury to implement the provisions of the Recovery Act has no identifiable issues with the *National Environmental Policy Act*, the *National Historic Preservation Act*, or any Federal Infrastructure investments.