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Presentation for Smart Growth Summit *on* August 20, 2010

Reinventing the Grid: Alternative Sources of Energy





Advisory

Advocacy

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Cypress Advisory LLC is a boutique consulting and research firm based in Washington DC, with offices in New York, Dallas, and Baton Rouge. We provide public policy analysis to corporate clients through our strategy consulting and government markets practices.

Cypress Advocacy LLC is a registered lobbying firm located in Washington DC, New York, Dallas, and Baton Rouge. Cypress Advocacy articulates a strategy based on each client's legislative and regulatory interests, risks, and opportunities.

Cypress Realty LLC offers program management, development, construction management, consulting, and other real estate services to clients in both the public and the private sector.



ALTERNATIVE/RENEWABLE SOURCES OF ENERGY

WIND

BIO-MASS

SOLAR

HYDROELECTRIC

GEO-THERMAL

OCEAN



FINANCIAL INCENTIVES vs. RULES, REGULATIONS AND POLICIES

- Financial Incentives include a variety of tax incentives, grants, loans, rebates, bond programs, leasing programs and performance-based incentives.
- Rules, Regulations & Policies include renewable portfolio standards, net metering, interconnection standards, contractor licensing, equipment certification, permitting standards, construction & design standards (including building energy codes and energy standards for public buildings), and green power purchasing policies.



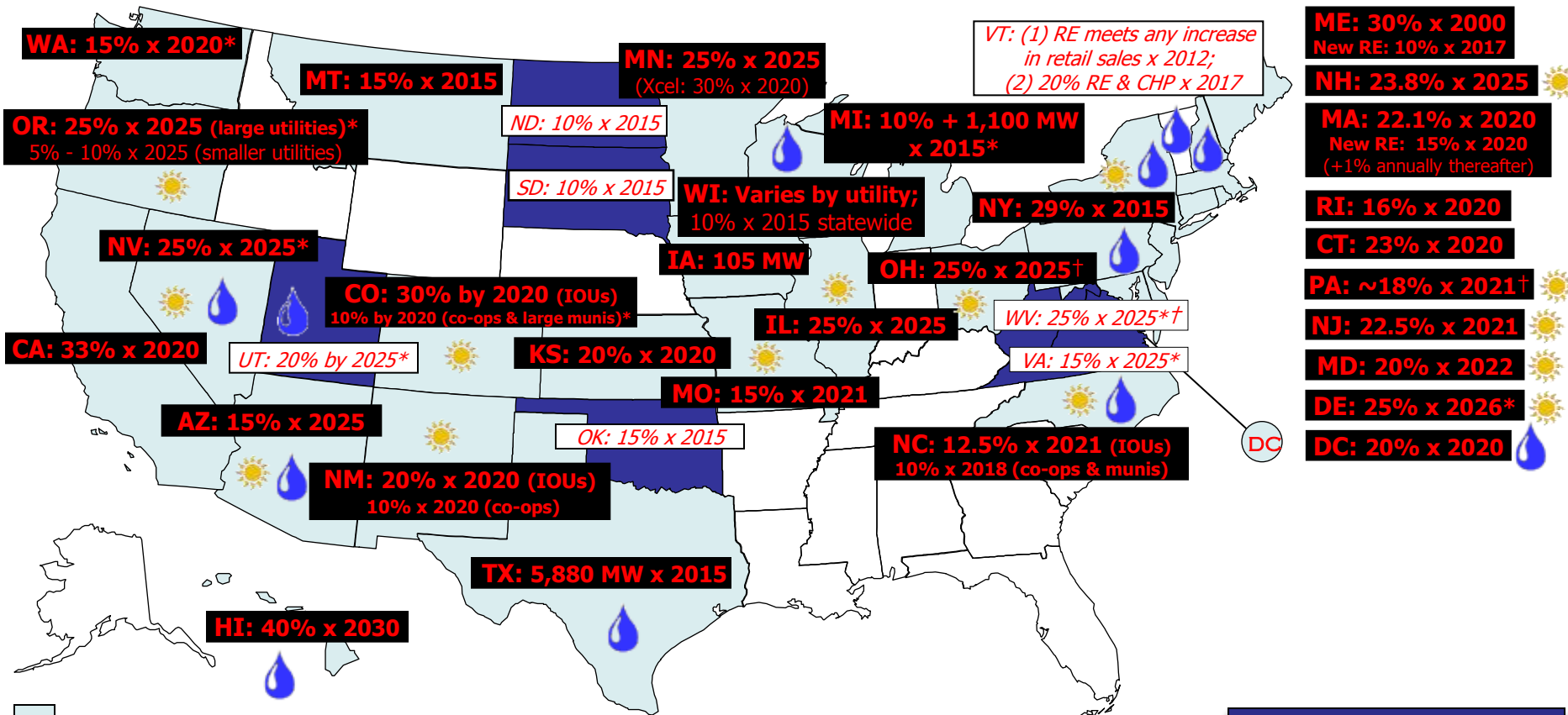
FEDERAL ENERGY AND CLIMATE CHANGE LEGISLATION




- **KEY GOAL:** To curb greenhouse gas emissions contributing to global warming by reducing and modifying energy consumption


- **ELEMENTS:**
 - Cap and Trade
 - Renewable Electricity Standard
 - Energy efficiency incentives
 - A bank for renewable energy development
 - Incentives promoting cars using clean fuels



RULES, REGULATIONS AND POLICIES – RPS



 State renewable portfolio standard
 State renewable portfolio goal
 Solar water heating eligible

 Minimum solar or customer-sited requirement
 Extra credit for solar or customer-sited renewables
 Includes non-renewable alternative resources

29 states + DC have an RPS
(7 states have goals)

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LOUISIANA RENEWABLE REGULATION PILOT

- Renewable Energy Pilot Program has been ordered by the Louisiana Public Service Commission
- Alternative to suggested RPS goal of 12.5% by 2020
- Two components
 - Research and evaluation of renewable energy projects in Louisiana
 - RFP to evaluate larger renewable projects that could come on line by 2013
 - Target energy production for these projects is about 2% of annual output
 - LPSC will make final selection of any renewable projects



FINANCIAL INCENTIVES

KEY INCENTIVE PROVISIONS

APPLICABLE
TECHNOLOGY

MAXIMUM
INCENTIVE

PROGRAM
END DATE

PROCESS
FOR
RECEIVING
INCENTIVE



ENERGY EFFICIENCY vs. RENEWABLE ENERGY

- Using less of the grid or reinventing the grid
- Energy Efficiency - home weatherization, increased gas mileage requirements, green building codes, energy efficient appliances



GRANTS

- **USDA - Rural Energy for America Program (REAP) Grants**
- **Recovery Act - U.S. Department of Treasury - Renewable Energy Grants**
- **25 States, not including Louisiana, offer grants programs for renewables**
 - **Alabama Biomass Energy Program – up to \$75,000 grant for installation of biomass or landfill gas equipment**
- **Louisiana does offer the Home Energy Rebate Option allowing for several thousand in rebates for home energy efficiency improvements**



LOANS

Federal

- Energy-Efficient Mortgages
- U.S. Department of Energy - Loan Guarantee Program
- Qualified Energy Conservation Bonds (QECCBs)

State

- 31 states, including Louisiana, have loan programs
- Louisiana Home Energy Loan Program provides a low-interest loan of up to \$6,000 to improve energy efficiency in the home
- Louisiana allows the establishment of Sustainable Energy Financing Districts to be funded through the property tax collections



TAX INCENTIVES

Deduction

- Federal Energy-Efficient Commercial Buildings Tax Deduction

Depreciation

- Federal Modified Accelerated Cost-Recovery System (MACRS)

Exemption

- Federal Residential Energy Conservation Subsidy Exclusion (Corporate)

Tax Credits

- For renewable energy construction
- For renewable energy production



FEDERAL TAX CREDITS

Business Energy Investment Tax Credit (corporate)

- Generally a 30% credit for investments in solar, wind and fuel cells with additional incentives for microturbines, geothermal and combined heat and power.

Residential Renewable Energy Tax Credit (personal)

- Applies to solar, wind, fuel cells and geothermal
- A 30% credit with maximum incentive amounts varying based on the technology installed

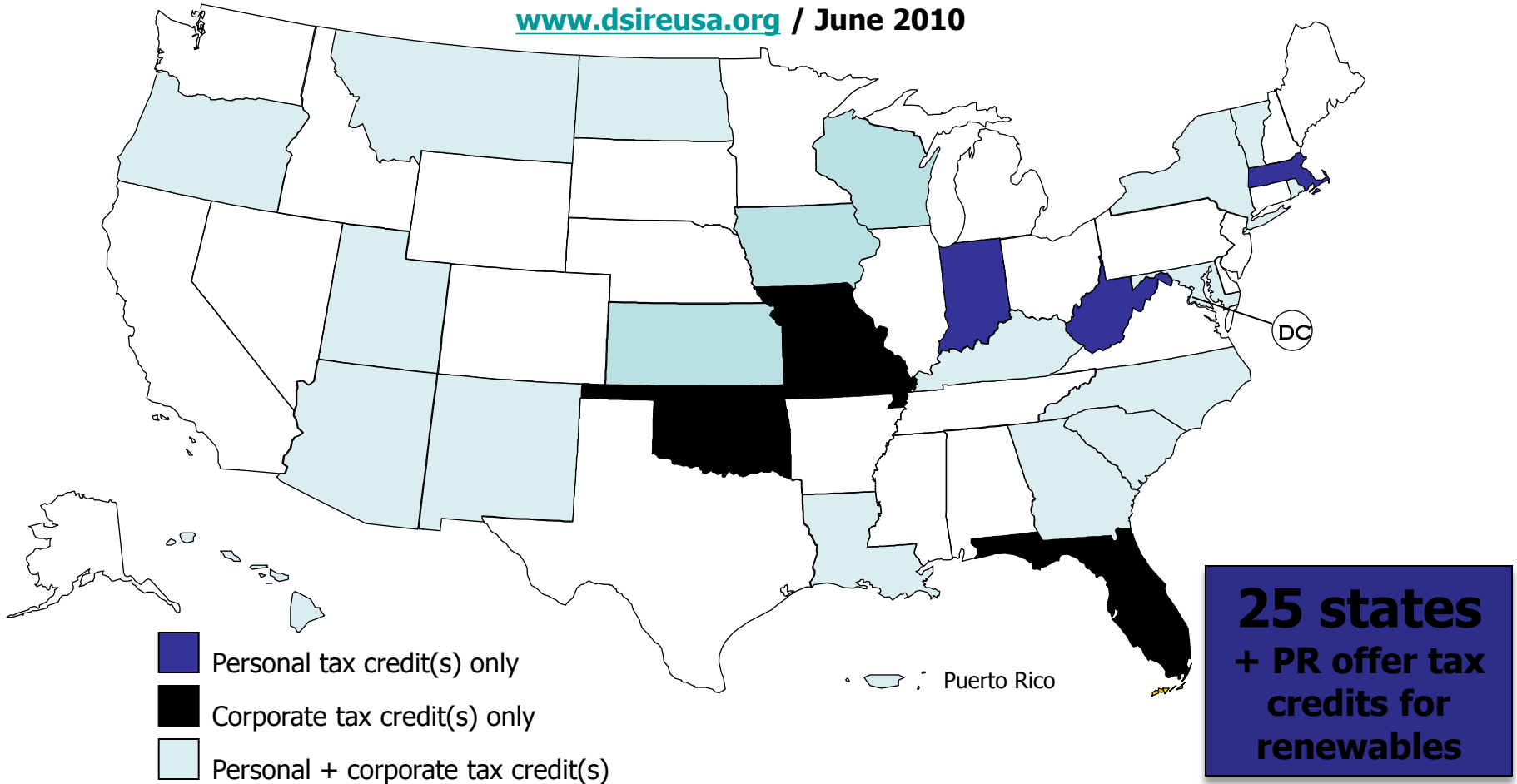
Renewable Electricity Production Tax Credit (corporate)

- Broad application of varying per-kilowatt-hour tax credits for electricity generated



STATE TAX CREDITS FOR RENEWABLES

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STATE TAX CREDITS

Louisiana

- **Tax credit for solar and wind energy systems on residential property (personal and corporate)**
 - 50% credit for solar and wind installations up to \$25,000

North Carolina

- **Renewable Energy Tax Credit (corporate)**
 - A 35% tax credit that can be applied to most renewable energy installations. A \$2.5 million cap for business installations and smaller caps for residential installations

Iowa

- **Renewable Energy Production Tax Credit (personal)**
 - Per-kilowatt-hour tax credit available for ten years after a facility begins production





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Database of State Incentives for Renewable Energy
www.dsireusa.org

