



Summary of Energy-Related Provisions
**American Recovery and
Reinvestment Act of 2009**

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On February 17, 2009, President Barack Obama signed into law the American Recovery and Reinvestment Act of 2009 (the “ARRA”). The ARRA contains a broad range of stimulus spending and tax incentives that support increased investment and activity in alternative energy, energy efficiency and other sustainability initiatives. This newsletter provides a summary of the ARRA provisions related to energy.



Energy Related Provisions in the American Recovery and Reinvestment Act of 2009

Summary based on the ARRA, as signed into law on February 17, 2009.

Energy Programs

Direct Spending on Renewables and Efficiency

- \$16.8 billion in direct spending for renewable energy and energy efficiency programs over the next ten years, the majority of which to be allocated as detailed under this heading.
 - ARRA, Division A – Appropriation Provisions Title IV- Energy and Water Development, Department of Energy – Energy Programs. 24. [Link](#)

Energy Efficiency and Conservation Block Grant Program

- \$3.2 billion to assist local governments in implementing energy efficiency and conservation programs. Originally Authorized in Title V of the Energy Independence and Security Act of 2007 (“EISA”). Of which:
 - \$2.8 billion is awarded based on existing formula;
 - \$400 million is awarded on a competitive basis.
 - ARRA, Division A – Appropriation Provisions. Title IV- Energy and Water Development, Department of Energy – Energy Programs. 24. [Link](#)

Federal Power Marketing Administrations

- \$6.5 million for capital investments by certain federal power marketing administrations in electric power transmission systems, including:
 - \$3.25 billion for the Bonneville Power Administration under the Pacific Northwest Electric Power Planning and Conservation Act (16 USC 839 et seq.)
 - \$3.25 billion for the Western Area Power Administration under the Hoover Power Plant Act of 1984 (Public Law 98-381).
 - ARRA, Division A – Appropriation Provisions. Title IV- Energy and Water Development, Department of Energy – Energy Programs. 26 - 27. [Link](#)

Research, Development, Demonstration, and Deployment

- \$400 million for the Advanced Research Projects Agency-Energy. Authorized under Section 5012 of the America Competes Act (42 USC 16538).
 - ARRA, Division A – Appropriation Provisions. Title IV- Energy and Water Development, Department of Energy – Energy Programs. 26. [Link](#)
- \$2.5 billion for renewable energy and energy efficiency R&D, demonstration and deployment activities, including \$800 million for projects related to biomass and \$400 million for geothermal activities and projects.
 - ARRA Joint Explanatory Statement of the Conference Committee, Division A. February 12, 2009. 24. [Link](#)
 - "25x25 Policy Brief." February 13, 2009. 2. [Link](#)
- \$3.4 billion for Fossil Energy Research and Development grants for the development of emission reducing technologies, including carbon capture and sequestration projects.
 - ARRA, Division A – Appropriation Provisions. Title IV- Energy and Water Development, Department of Energy – Energy Programs. 25. [Link](#)

Defense Energy and Efficiency Programs

- \$300 million to the DOD for the purpose of research, testing and evaluation of projects to energy generation, transmission and efficiency.
 - ARRA, Division A – Appropriation Provisions. Title III. Department of Defense Operation and Maintenance. 19 [Link](#)
- Additional \$100 million for Navy and Marine Corps facilities to fund energy efficiency and alternative energy projects.
 - ARRA, Division A – Appropriation Provisions. Title X – Military Construction and Veterans Affairs. Department of Defense. 78. [Link](#)

Electricity Grid

- \$4.5 billion to modernize the nation's electricity grid with smart grid technology.
 - ARRA Division A Appropriation Provisions, Title IV – Energy and Water Development, Department of Energy – Energy Programs. 24. [Link](#)
- Increases federal matching grants for the Smart Grid Investment Program from 20% to 50%.
 - "Bill Summary: American Recovery and Reinvestment Bill Of 2009 (ARRA) Energy & Commerce Provisions on Health Care, Broadband, and Energy" U.S. House of Representatives. 4. [Link](#)





Advanced Batteries

- \$2 billion for grants to assist U.S. companies in the manufacturing of advanced battery systems and components, including funding awards to manufacturers of advanced battery systems and vehicle batteries, including advanced lithium ion batteries, hybrid electrical systems, component manufacturers, and software designers.
 - ARRA, Division A – Appropriation Provisions. Title IV- Energy and Water Development, Department of Energy – Energy Programs. 24. [Link](#)

State Energy Program

- \$3.1 billion for the Department of Energy's State Energy Program, which provides grants and funding to state energy offices for energy efficiency and renewable energy programs conditioned on state Governors' assurances regarding regulatory policies (decoupling of fixed cost recovery and retail sales), building code requirements and the prioritization of state renewable and conservation programs. Authorized under Part D of Title III of the Energy Policy and Conservation Act.
 - ARRA, Division A – Appropriation Provisions. Title IV- Energy and Water Development, Department of Energy – Energy Programs. 24. [Link](#)
 - Democratic Policy Committee, ARRA: Creating Jobs, Investing in Our Country's Future, and Cutting Taxes (State-by-State Fact Sheets), February 10, 2009. [Link](#)
 - Colorado - \$7.9 million
 - Illinois - \$16.9 million
 - Iowa - \$6.6 million
 - Kansas - \$6.1 million
 - Minnesota - \$8.9 million
 - Montana - \$4.1 million
 - Nebraska - \$5 million
 - North Dakota - \$3.9 million
 - South Dakota - \$3.8 million
 - Utah - \$5.6 million
 - Washington - \$9.7 million
 - Wisconsin - \$9.1 million

Tax Provisions; Bond and Loan Programs

Three-Year Extension of PTC

- Provides a three-year extension of the Production Tax Credit (PTC) for electricity derived from wind facilities through December 31, 2012, as well as for geothermal, biomass, hydropower, landfill gas, waste-to-energy and marine facilities through December 31 2013.
 - ARRA, Division B – Other Provisions. Title 1- Tax Provisions. Subtitle B- Energy Incentives. Part I- Renewable Energy Incentives, Section 1101. 205. [Link](#)

Investment Tax Credit (ITC) Accessible to All Renewable Energy

- Provides project developers of wind, geothermal, biomass and other technologies eligible for the PTC, the option of instead utilizing the 30% ITC that previously only applied to solar and other clean technology projects.
- Removes the \$2,000 cap on the 30 percent credit for solar thermal and geothermal property, as well as the \$4,000 cap on small wind property.
 - ARRA Division B- Other Provisions. Title I - Tax Provisions. Subtitle B - Energy Incentives. Part I- Renewable Energy Incentives, Section 1102. 205. [Link](#)

Repeals Subsidized Energy Financing Limitation on ITC

- Allows businesses and individuals to qualify for the full amount of the ITC, even if their property is financed with industrial development bonds or other subsidized energy financing
 - ARRA, Division B- Other Provisions. Title I - Tax Provisions. Subtitle B - Energy Incentives. Part I- Renewable Energy Incentives, Section 1103. 206. [Link](#)

Credit for Alternative Fuel Pumps

- Increases the size of credits for installing alternative fuel pumps at gas stations from 30 to 50% (\$30,000 to \$50,000) for taxable years 2009-2010.
 - ARRA, Division B- Other Provisions. Title I - Tax Provisions. Subtitle B - Energy Incentives. Part III–Energy Conservation Incentives. Section 1123. 211. [Link](#)





Advanced Energy Investment Credit

- Establishes a new 30% investment tax credit for the manufacture of “advanced energy property,” including technology for the production of renewable energy, energy storage, energy conservation, efficient transmission and distribution of technology, and carbon capture and sequestration. Up to \$2.3 billion in credits may be allocated.
 - ARRA Division B - Other Provisions. Title I – Tax Provisions. Subtitle B- Energy Incentives. Part I - Renewable Energy Incentives, Section 1302. 231. [Link](#)

Five Year Carry-back Provision for Operating Losses for Small Businesses

- Extends the carry-back period for net operating losses (NOL) from two to five years for tax years 2008 and 2009.
 - ARRA, Division B- Other Provisions. Title I – Tax Provisions. Subtitle C–Tax Incentives for Business Part – Temporary Investment Incentives. Section 1211. 221. [Link](#)
- An eligible NOL includes the NOL for any taxable year ending in 2008 or if the taxpayer chooses, any taxable year beginning in 2008. An election under this provision may only be taken for one taxable year.
 - ARRA, Division B- Other Provisions. Title I – Tax Provisions. Subtitle C – Tax Incentives for Business Part I – Temporary Investment Incentives. Section 1211. 221. [Link](#)

Extends Bonus Depreciation

- Extends, through 2009, the temporary increase of bonus depreciation to 50% that Congress enacted last year. These write offs can be applied to capital expenditures ranging from \$250,000 to a newly increased threshold of \$800,000.
 - ARRA, Division B- Other Provisions. Title I – Tax Provisions. Subtitle C – Tax Incentives for Business Part I – Temporary Investment Incentives Section 1202. 221. [Link](#)

Grant Program In Lieu of Tax Credits

- Allows project developers to apply for a grant from the Treasury Department in lieu of the ITC. The grant will be equal to 30% of the cost of eligible projects that start construction in 2009 or 2010. It will be issued within sixty days of the facility being placed in service or, if later, within sixty days of receiving a grant application.
 - "The American Recovery and Reinvestment Act of 2009. Full Summary of Provisions from Senate Finance, House Ways & Means Committees." February 12, 2009. 14. [Link](#)

Energy Conservation Bonds

- Increases and expands the bond limitation on energy conservation bonds by \$2.4 billion for loans and grants to implement Green Community Programs.
 - "ARRA" Division B – Other Provisions. Title I – Tax Provisions. Subtitle B- Energy Incentives. Part II – Increased Allocations of New Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds. Section 1112. 208. [Link](#)

Clean Energy Renewable Bonds (CREBs)

- \$1.6 billion of new clean energy renewable bonds to finance wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, marine renewable, and trash combustion facilities.
 - ARRA, Division B – Other Provisions. Title I – Tax Provisions. Subtitle B – Energy Incentives. Part II – Increased Allocations of New Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds. Section 1111. 208. [Link](#)
- One third of the authorized funding will be available for qualifying projects of state/local/tribal governments, one-third for public power providers and one-third for electric cooperatives.
 - ARRA. Full Summary of Provisions from Senate Finance, House Ways & Means Committees." February 12, 2009. 11. [Link](#)

Renewable Energy Loan Guarantee Program

- The bill provides \$6 billion for a temporary loan guarantee program for renewable energy power generation and transmission projects that begin construction by September 30, 2011.
 - ARRA, Division A – Appropriation Provisions. Title IV- Energy and Water Development, Title 17-Innovative Technology Loan Guarantee Program. 26. [Link](#)
 - "Bill Summary: ARRA Energy & Commerce Provisions on Health Care, Broadband, and Energy" U.S. House of Representatives. 4. [Link](#)
- Up to \$500 million of the overall \$6 billion can be used for the development of leading edge biofuels that have been demonstrated and have commercial promise to substantially reduce greenhouse gas emissions.
 - "Bill Summary: ARRA Energy & Commerce Provisions on Health Care, Broadband, and Energy" U.S. House of Representatives. 4. [Link](#)



