

Implications of Evolving Policy Tools for Renewable Energy Financing

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Agenda

Renewable Energy Incentive Programs

- Tax incentives & 1603 Grants in lieu of ITC
- DOE direct grant programs
- Loan Guarantees

Regulatory Structures

- Renewable Portfolio/Electricity Standards
- Cap & Trade/GHG regulation

Other Evolving Issues



Section 1603 Grants

Property needs to be eligible for ITC, including property eligible for ITC in lieu of PTC

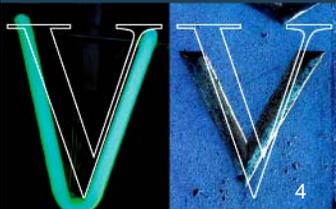
- Expires 12/31/2010
- Projects are either (i) placed in service in 2009 or 2010 or (ii) placed in service by termination date of the applicable credit section if construction began in 2009 or 2010
 - Safe harbor
- Eligibility
- Accelerated Depreciation
- Recapture
- Extension?



Polling Question

In your opinion, which of the following would lead to the most significant increase in renewable project development:

1. Tax equity markets returning to 2007 levels of pricing and availability?
2. Long-term stability (10 years or more) in the PTC/ITC incentive regime?
3. Passage of national renewable energy standards?
4. Federal Greenhouse Gas Cap and Trade system?
5. Sustained natural gas prices?



Department of Energy Programs

APRA-E

- R&D – High risk/high value focus
- Replacement of early-stage venture capital?

Direct Technologies Programs

- Geothermal
- Batteries
- Future programs?

Partnerships with National Laboratories



Loan Guarantees/Lending Support

Innovative Technology Program

- 1703 – Loan guarantees
 - \$8.5 billion
- 1705 – Credit Subsidy Cost Funding
 - \$2.5 billion

Commercial Renewable Facilities

- \$2 billion transferred to cash for clunkers program
 - Current funding issued at \$750 million

Greenbank (Clean Energy Deployment Administration)



Renewable Energy Standards

Lower cost to government than incentive-based programs

State Programs

- Now in place in a majority of states
- Wide range of effectiveness
- Increasing variety of carve-outs or special tier requirements

Federal Standard

- Senate version has 15% target
 - Part of Jobs bill?
- House version has 20% target
 - Included in Waxman-Markey



Polling Question

Notwithstanding electricity prices, what has the most impact on your choice of location for developing a project?

1. Availability of accessible/monetized incentives
2. REC pricing
3. Permitting/siting restrictions
4. Available transmission capacity
5. Not Applicable



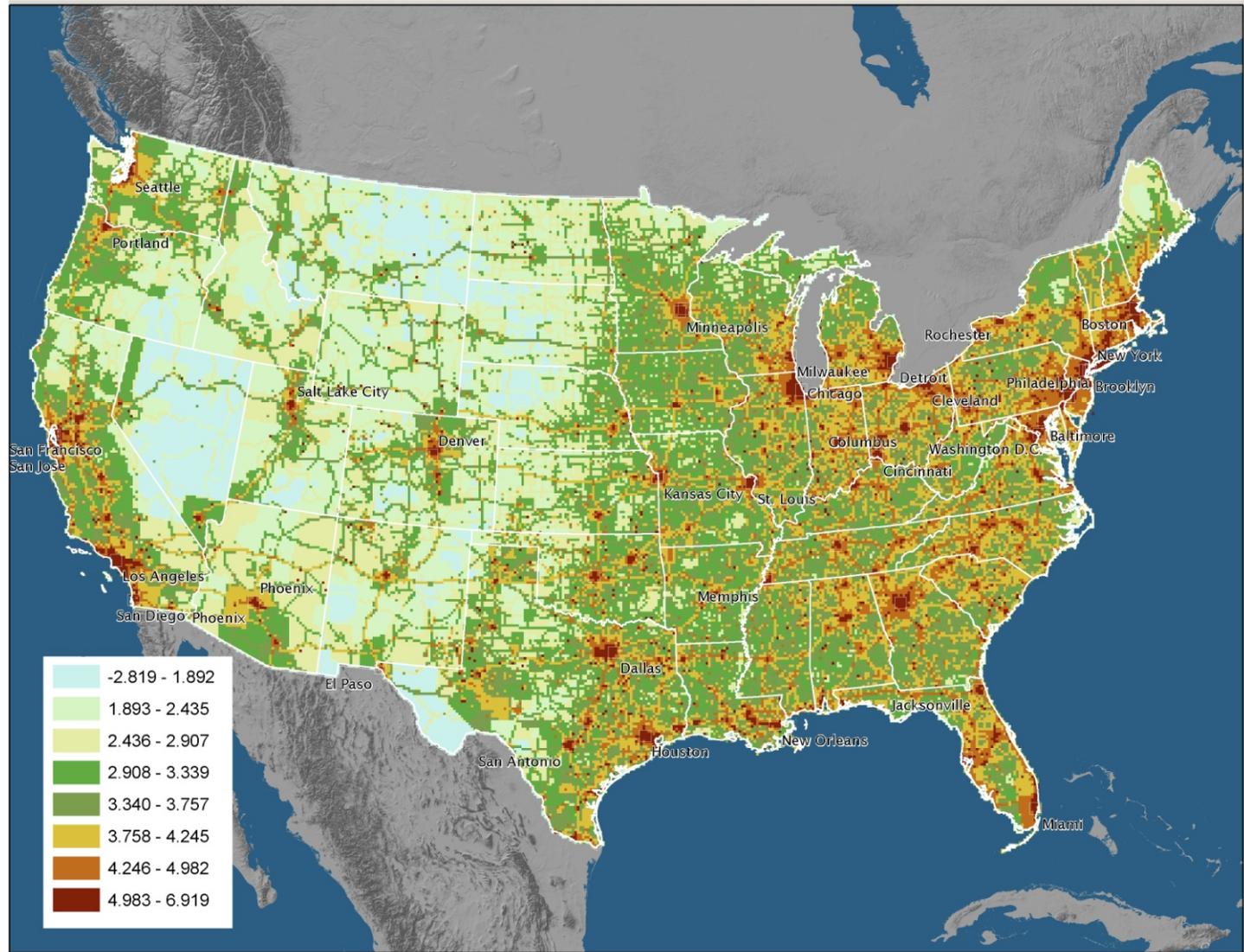
Climate Change Legislation

Both major proposals are Cap-and-Trade-based programs

- Waxman-Markey – American Clean Energy and Security Act
 - Defined carbon market
 - Slightly softer cap 2017-2029
 - Shadow allowance mechanism
- Kerry-Boxer – Clean Energy Jobs and American Power Act
 - Less allocations
 - Larger allowance of international offsets
- EPA designed program
- Carbon Tax



Carbon Emission Intensity Map



Polling Question

Positioning a project to best take advantage of policy based financial supports is?

1. More important than resource selection
2. More important than regional electricity pricing
3. More important than resource selection and regional electricity pricing
4. Less important than either resource selection or regional electricity pricing



Questions?



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Roundtable Panel

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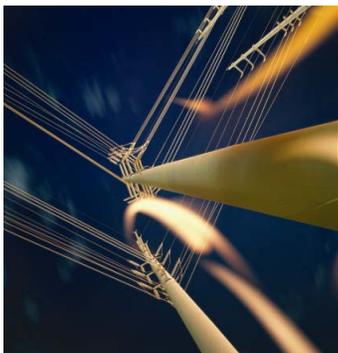
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Upcoming Energy Programs

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