

Wind and Renewable Energy Tax Credits

Legislative Tax Expenditure Committee

December 3, 2014

Tax credits programs were established under Iowa Code §§ 476B and 476C to encourage the development of wind and other renewable energy. Administration of these credits is divided between the Iowa Utilities Board (IUB) and the Iowa Department of Revenue (IDR). The IUB screens applications for eligibility; the IDR issues the credits. The process requires two approvals:

Eligibility:

- Applicant files eligibility application with the IUB.
- If capacity is available and the application meets all criteria, the Board grants preliminary eligibility.

Annual tax credit application:

- Applicant files with the Board annually over the ten-year period of the credit to report facility status and energy generated and either sold or consumed on site.
- Board staff provides an opinion to the IDR regarding approval of the application, including whether the reported energy sale or use seems accurate and eligible for tax credits.
- The IDR reviews the application and the IUB staff's opinion and issues the tax credits in accordance with IDR requirements and procedures.

Information about current recipients and waiting lists for each credit can be found on the IUB website:

http://www.state.ia.us/government/com/util/energy/renewable_tax_credits.html

Iowa Code § 476B Wind Tax Credit (Closed July 1, 2012)

- Ten-year production tax credit of \$0.01 per kWh electricity generated and sold or consumed on-site by the facility owner. Facility size limited to 30MW nameplate.
- Originally placed in service on or after July 1, 2005, but before July 1, 2012.
- IUB will continue to process tax credits through 2022.
- The total capacity of all facilities eligible under 476B could not exceed 50 MW.

Iowa Code § 476C Renewable Energy Tax Credit

- Ten-year production tax credit of \$0.015 per kilowatt-hour¹ generated and sold or consumed on-site by the facility owner.
- Facilities could be a wind energy conversion facility, a biogas recovery facility, a biomass conversion facility, a methane gas recovery facility, a solar energy conversion facility, a refuse conversion facility, or a cogeneration facility.
- Originally placed in service on or after July 1, 2005, but before January 1, 2017.
- Each facility owner is eligible for 2.5 megawatts nameplate capacity.
- Maximum nameplate capacity/heat generation of all facilities found eligible under 476C:
 - Wind energy conversion facilities: 363 megawatts nameplate capacity.
 - Non-wind energy conversion facilities: 53 megawatts or megawatt-equivalent nameplate capacity.
 - Refuse conversion facilities: 167 billion British thermal units of heat for a commercial purpose.

¹ Or \$4.50 per million British thermal units of heat for a commercial purpose, or \$4.50 per million British thermal units of methane gas or other biogas used to generate electricity, or \$1.44 per one thousand standard cubic feet of hydrogen fuel.