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February 13, 2009

STIMULUS BILL – ENERGY RELATED PROVISIONS

The economic stimulus bill appears to be headed for President Obama's desk in a matter of days. This alert summarizes the bill's current provisions related to the energy industry. HRO will provide updated alerts on specific provisions as the bill is finalized and more information becomes available.

Department of Energy Appropriations

The final stimulus bill will likely appropriate \$35 to \$40 billion dollars to DOE for spending on clean energy projects in the next two years. DOE has indicated it expects to spend half of this funding this year and is working internally and coordinating with individual states to identify energy projects that can begin immediately. Here are some of the likely energy appropriations:

\$12.89 billion	Electric power transmission: <ul style="list-style-type: none"> \$6.49 billion to fund the Western Area Power Administration (\$3.24) and the Bonneville Power Administration (\$3.25) for electric power transmission systems \$4.4 billion to modernize the electric grid \$2 billion for loan guarantees for electric power transmission projects
\$6 to 7 billion	Loan guarantees for: (1) renewable energy systems that generate electricity and (2) leading edge biofuel projects (\$500 million cap)
≈ \$4.7 to \$6.9 billion	Energy efficiency and conservation grants to state and local governments
≈ \$2.5 billion	Carbon capture and sequestration demonstration projects
≈ \$2.5 billion	R&D for energy efficiency and clean energy technologies and deployment (including biomass, geothermal, advanced batteries and waste-to-energy activities)
\$2 billion	Advanced batteries manufacturing
\$1 billion	Energy efficiency grants for municipal buildings
\$400 million	Purchase of alternative fuel vehicles by state and local governments
\$200 million	New grants for transportation electrification programs

Clean Energy Tax Benefits

In addition to direct government spending, the final stimulus bill will likely contain billions of dollars of clean energy tax benefits, including:

- Extension of the production tax credit to renewable energy facilities placed in service before the end of 2012 (wind) and 2013 (biomass, geothermal, hydropower, landfill gas, waste-to-energy)

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- Allowance to renewable energy projects to claim a 30% investment tax credit in lieu of a production tax credit or to apply for a DOE grant of up to 30% of the building costs of specified renewable facilities placed in service in 2009-2010
- Removal of the cap on investment tax credit for small wind properties
- Creation of an extra \$2.4 billion of bonds for state and local government programs to reduce greenhouse gas emissions
- Creation of an extra \$1.6 billion of clean renewable energy bonds
- A 20% tax credit for renewable energy research in 2009 and 2010 (fuel cells, renewables, carbon sequestration and transmission)

Department of the Interior and Environmental Protection Agency Appropriations

The final stimulus bill will also likely include the following appropriations to DOI or EPA:

- \$6-8 billion Loans for communities to upgrade water treatment and supply infrastructure
- ≈ \$1 billion Deferred maintenance on federal lands, including abandoned mine remediation
- ≈ \$700 million Cleanup of hazardous and toxic waste sites
- \$200 million Cleanup of petroleum leaks from underground storage tanks

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