

Tax Day Update: 2015 Inflation Adjustments and Prices for Energy Credits Released by IRS

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Just in time for tax day – but 14 days behind the Congressional deadline - the IRS **released** the statutorily required calculations to determine the value of the Section 45 Production Tax Credit (“PTC”) credit amount in 2015, and whether or not a phase-out of the calculation would be required.

The PTC has historically been the primary incentive for the wind industry, but a number of other clean energy technologies are also eligible for the credit.

According to the IRS's determination, the PTC will remain at 2.3 cents per kilowatt hour in 2015 for qualified facilities utilizing the following technologies:

- Wind
- Closed-loop biomass, and
- Geothermal facilities

The following technologies will also retain the reduced-PTC credit of 1.2 cent per kilowatt hour

- Open-loop biomass
- Small irrigation power facilities
- Landfill gas facilities
- Trash facilities (MSW)
- Qualified hydropower facilities, and
- Marine and hydrokinetic renewable energy facilities

The good news is there will be no phase out based on the 2015 inflation adjustment factor (1.5336) and “reference prices” as calculated by the IRS and defined in statute as the annual average contract price per kilowatt hour of electricity generated in the United States from qualified facilities in the previous year (2014).

The bad news is that because the PTC expired at the end of 2013, the IRS notice only applies to qualified facilities that commenced construction before January 1, 2014 and will be placed in service in 2015.

So all in all, the status quo remains: The PTC is still expired, and the incentive remains at last year's levels.

Authors