

VIEWPOINT TOPICS

NREL Releases Tax Credit Impact Study

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 Sustainable Energy & Infrastructure 	
	Last week, the Energy Department's National Renewable Energy Laboratory (NREL) released the results
RELATED PRACTICES	renewable generation technologies and related U.S. electric sector carbon dioxide (CO2) emissions. The report titled "Impacts of Eederal Tay Credit Extensions on Renewable Deployment and Power Sector
	Emissions," concluded that the tax credit extensions are set to produce a net peak increase of 48 to 53 gigawatts in installed renewable generation capacity in the early 2020s. For more details on the study and
	what it suggests the renewable energy industry might look like going forward, read on.
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The study utilizes advanced modeling techniques to explore questions pertaining to renewable energy deployment and CO2 emissions. By both metrics, the recent tax credit extensions are projected to have a significant impact in the next half-decade. To reach this conclusion, NREL had to deal with significant variables, including perhaps most significantly the price of natural gas. The extraordinarily low price of gas has been and will continue to be a key factor influencing the economic competitiveness of new renewable energy development. To account for this significant variable, the report examines the impact of the tax credit extensions under two distinct natural gas price futures. In both cases, tax credit extensions can spur renewable capacity investments at least through the early 2020s, and can help lower CO2 emissions from the U.S. electricity system.

Longer-term impacts are less certain and will likely depend even more heavily on natural gas prices. After the tax credits ramp down, the study assumes that greater renewable energy capacity will be driven by a combination of cost reductions in renewable generation, rising fossil fuel prices, and existing clean energy policies. Cumulative emissions reductions over a 15-year period as a result of the tax credit extensions are estimated to range from 540 to 1,400 million metric tons CO2, but again, this is significantly more difficult project with confidence. Either way, the study clearly indicates that the short term benefits of the renewable tax credit extensions will be highly significant. While the longer term picture is cloudier, the potential is there for significant emissions decreases.

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Tom Burton has helped to shape the clean energy industry by drawing on his passion for innovation. As a Mintz attorney, Tom counsels investors, entrepreneurs, and Fortune 100 companies. He also guides start-up organizations and accelerators to foster the next generation of energy leaders.