Federal Incentives for Wind Power Deployment

The U.S. Department of Energy's (DOE) Wind and Hydropower Technologies Program works to accelerate the deployment of wind power. This document lists some of the major federal incentives for wind power deployment. This list is current as of October 2009.

Photo credit: PIX16204

As of June 2009, the U.S. had 29,440 MW of installed wind power capacity.

The Wind and Hydropower Technologies Program works to remove barriers to wind power deployment by addressing siting and environmental issues and by enhancing public acceptance of wind energy. As part of that work, the program's Wind Powering America education and outreach initiative disseminates credible information on a range of wind technologies and issues to national, state, and local stakeholders and decision makers. *www.windpoweringamerica.gov*

Additional resources for information on financial incentives:

Wind and Hydropower Technologies Program
windandhydro.energy.gov/financial.html

DOE's Office of Energy Efficiency and Renewable Energy
eere.energy.gov/financing/consumers.html

Database of State Incentives for Renewable Energy
dsireusa.org

Tax incentives

The federal government uses several tax-based policy incentives to stimulate the deployment of wind power. The Department of the Treasury's Internal Revenue Service administers these incentives.

The federal renewable energy Production Tax Credit (PTC), established by the Energy Policy Act of 1992, allows owners of qualified renewable energy facilities to receive tax credits for each kilowatt-hour (kWh) of electricity generated by the facility over a ten year period. Wind power projects are eligible to receive 2.1 cents per kWh (indexed for inflation). *www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=US13F*

The federal Business Energy Investment Tax Credit (ITC) allows owners of qualified wind power projects to receive tax credits worth 30% of the value of the facility. Project owners must choose between the one-time Investment Tax Credit, tied to the total value of the facility, and the Production Tax Credit, tied to the energy produced over a ten year period. An investment tax credit equal to 30% of system costs is also available to individuals who purchase and install small wind energy systems. *www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=US02F*

The American Recovery and Reinvestment Act of 2009 allows owners of qualified wind power projects to receive one-time direct payments from the Treasury in lieu of Investment Tax Credits. These Payments for Specified Energy Property in Lieu of Tax Credits are worth 30% of the eligible cost of the wind facility. *www.ustreas.gov/recovery/1603.shtml*

The Modified Accelerated Cost-Recovery System allows businesses to recover investments in certain renewable energy property through depreciation deductions. In addition, the Recovery Act includes a 50% bonus depreciation provision for eligible renewable-energy systems acquired and placed in service in 2009. *www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=US06F*

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Incentives for tax-exempt entities

The federal government uses several policy incentives to stimulate the deployment of wind power by certain tax-exempt entities that cannot take advantage of tax credits.

The Internal Revenue Service-administered Clean Renewable Energy Bonds (CREBs) are designed to allow qualified non-taxable entities to finance eligible clean renewable energy projects. These entities, which cannot utilize tax incentives for renewable energy production such as the Production or Investment Tax Credits, can issue Clean Renewable Energy Bonds to finance certain renewable energy projects. The Recovery Act increased the allocation for these bonds to $1.6 billion. *www.irs.gov/irb/2007-14_IRB/ar17.html*

Qualified Energy Conservation Bonds (QECBs) operate in a manner similar to CREBs, but they are not subject to a U.S. Department of Treasury application and approval process. Bond volume is instead allocated to each state based on the state's percentage of the U.S. population. Each state is then required to allocate to large local governments based on the local government's percentage of the state's population. Renewable energy facilities that are eligible for CREBs are also eligible for Qualified Energy Conservation Bonds. *www.irs.gov/pub/irs-drop/n-09-29.pdf*

The Renewable Energy Production Incentive (REPI) provides annual financial incentive payments of 2.1 cents per kWh (indexed for inflation) for electricity generated and sold by new qualifying renewable energy generation facilities for the first 10-year period of their operation. Only certain not-for-profit electric utilities, such as electric cooperatives, public utilities, and tribal and state governments, are eligible for these payments. This incentive, which is managed by DOE, is subject to the availability of annual appropriations from Congress. *eere.energy.gov/repi/*

Grants and other programs

The Department of Energy provides formula grants to U.S. states, territories, local governments, and Native American tribes under its Energy Efficiency and Conservation Block Grant (EECBG) program. Recipients use these funds to develop and implement projects to improve energy efficiency and reduce energy use and fossil fuel emissions in their communities. These funds can be used to install wind power technologies at recipients' facilities. This program will distribute over $2.7 billion in grants under the Recovery Act. *www.eecbg.energy.gov/*

DOE's State Energy Program provides grants to states and directs funding to state energy offices. States use grants to address their energy priorities and to adopt emerging renewable energy and energy efficiency technologies. This program will distribute $3.1 billion to the states under the Recovery Act. Projects that advance the deployment of wind power are eligible for program funding. *eere.energy.gov/state_energy_program/*

DOE offers loan guarantees to help companies secure financing to deploy innovative, clean energy technologies that reduce, avoid or sequester carbon dioxide and other emissions. The Recovery Act provides a new, temporary addition to the existing program which is aimed at standard renewable projects, including wind power projects. *www.lgprogram.energy.gov/*

DOE's Tribal Energy Program provides financial assistance, technical assistance, education and training to tribes for the evaluation and development of renewable energy resources. Program management for the Tribal Energy Program is carried out by DOE's Weatherization and Intergovernmental Program. *eere.energy.gov/tribalenergy/*

The U.S. Department of Agriculture provides farmers and ranchers with grants for energy audits and renewable energy development assistance through its Rural Energy for America Program (REAP). Certain entities, such as state, local, and tribal governments, educational institutions, and rural electric cooperatives, are also eligible for these grants. *www.rurdev.usda.gov/rbs/farmbill/index.html*

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Energy Efficiency & Renewable Energy

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www.eere.energy.gov/informationcenter

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