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Client Advisory

Federal Legislation Extends Renewable Energy Grant Program

Recently the President signed an extension to the widely popular Section 1603 Grant program. The Section 1603 Grant program for renewable energy projects administered by the U.S. Treasury ("Treasury") was set to expire at the end of 2010, but was extended for one additional year until December 31, 2011. The Section 1603 Grant program permits the owner of a renewable energy project to recover 30% of the qualified cost of the energy system in a one-time cash payment from the Treasury upon completion and commissioning of the project, in lieu of tax credits which would otherwise be available for the project. Solar, wind, biomass, landfill gas, microturbines, combined heat and power, and geothermal are all eligible projects for the 1603 Grant program.

In addition to the extension for the 1603 Grant program, the legislation increased for 2011 the allowable depreciation for renewable energy projects to 100% of the investment made in 2011. Effectively, businesses can now take up to 100% of the depreciation benefit of a qualified alternative energy system in year one for systems installed in 2011, and up to 50% in year one for systems installed in 2012. Together with the extension of the 1603 Grant program, the bonus depreciation for renewable energy projects completed in 2011 provides additional incentive to commence and complete projects this year.

If you have an alternative energy project that was sidelined due to the expectation of the 1603 Grant expiring, or if you are looking to commence a new alternative energy project for 2011, it is important to commence early in 2011 in order to utilize the 1603 Grant program or the bonus depreciation for 2011.

Archer & Greiner's Alternative and Renewable Energy Practice Group has been at the forefront of renewable energy and has experience in the development, financing, sale and purchase of renewable and alternative energy projects. Our renewable energy attorneys have worked on numerous projects, including solar, wind, geothermal and cogeneration facilities. Our Alternative and Renewable Energy Group regularly counsels property owners, financial institutions, developers, designers, utilities, new businesses and start-up companies on legislative matters and governmental relations, including how to maximize the opportunities that renewable energy projects can provide.

If you would like to discuss the Section 1603 Grant program or other renewable energy topic, please contact David A. Weinstein at (856) 857-2787 or dweinstein@archerlaw.com, or another member of Archer & Greiner's Alternative and Renewable Energy Practice Group.

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