

## **JOINT DEPTS. OF ENERGY AND TREASURY PROGRAMS TO SUPPORT RENEWABLE ENERGY AND MANUFACTURING**

### **Section 1603 – Renewable Energy Grants in lieu of Tax Credits**

The Section 1603 program aims to spur private sector investments in clean energy and create new jobs for America's workers.

Until the financial and economic downturn, the renewable energy industry had been growing steadily. For example, new wind project installations in the US quadrupled from under 2 gigawatts per year before 2005 to over 8 gigawatts in 2008. This year, though, the rate of renewable energy installations has fallen by about half, largely due to an inability to secure financing. In addition to lost construction jobs, renewables manufacturers too are suffering a sudden loss in demand for their products (wind turbines, solar panels, etc.).

This new program directly addresses the problem, by turning existing tax credits for renewable energy projects into upfront capital, enabling companies and firms to secure financing and begin construction again.

Under the program developers forego Investment or Production Tax Credits and take 30% of the qualified investment in the project as a cash grant. Treasury has committed to issuing funds within 60 days of project's submitting completed application or original placement in service.

Billions in direct payments in lieu of tax credits will support an estimated 5,000 bio-mass, solar, wind, and other types of renewable energy production facilities over the life of the program. Unlike the 48C Manufacturing Tax Credit, this program is not competitive provided you meet the specified criteria. It is estimated these funds could enable between \$10-14 billion of capital investment in projects that would not be able to be financed without this program -- projects that are ready to be built but are waiting to close financing and start construction.

This program will help by immediately putting people back to work in the renewable energy industry (both in construction and in manufacturing) and moving us closer to meeting the Administration's goal of doubling renewable energy generation in the next few years.

**Application deadline:** Applications are now being accepted and will be processed on a rolling basis. All applications are due by October 1, 2011. Applications will be received and payments will be made before this deadline.

**Link to guidance and application information:**  
<http://www.treasury.gov/recovery/1603.shtml>

**Source for technical assistance:** 1-888-DOE-RCVY. This number is staffed by a team of highly skilled experts on DOE programs who can answer technical or financial question about the program.