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The president signed the American Recovery and Reinvestment Act into law on February 17, 2009. Here are some highlights of the package as it relates to renewable energy:

H I G H L I G H T S

Removes All Caps on Tax Credits: This provision gives solar hot water (solar thermal) systems the same enhanced tax treatment recently provided to solar-electric (PV) systems. This means that the prior \$2,000 maximum tax credit that was removed for PV systems placed in service beginning January 1, 2009 is also repealed for solar water heating systems. This means BOTH receive a true, full 30% tax credit on the cost of the system.

Offers Grants as an Alternative: Some entities that wish to purchase solar energy systems are left without the tax appetite necessary to put the 30 percent solar tax credit to good use. This provision puts solar finance back on track by offering DOE grants as an alternative to the tax credits. Specific eligibility requirements have yet to be issued. What is known is that the project must commence construction in 2009 or 2010 and be placed in service no later than January 1, 2017 and that applications must be filed by October 1, 2011. Details will follow in coming weeks.

Repeals Penalty for Municipal Solar Finance Programs: Around the country, cities and other municipalities had begun to implement innovative financing programs to help their local residents and businesses install solar without breaking the bank. As the tax code was written, there was some uncertainty as to whether participants in these programs could claim the federal solar tax credit. This provision ensures that these individual and business borrowers can qualify for the full amount of the solar tax credit, even if projects are financed with local development bonds or other subsidized energy financing.

Energy Efficiency Incentives: Among other provisions, there will be new tax credits for refueling property pump stations as high as 50% for biodiesel, natural gas, hydrogen, E85, and electricity; a tax credit of up to \$2500 for plug-in electric vehicles; and home energy efficiency tax credits of up to \$300 for improvements on property, up to \$150 for boiler replacements, and up to \$50 for ceiling fans or similar energy saving retrofits.

Funding for solar on government buildings, military bases, and schools: The full details of this new government procurement provision is not yet available, but there appears to be multi billions of dollar available for the installation of solar on government buildings, military bases and schools. (This is important because the grant alternative to the tax credit is available only to tax paying entities, not to government entities, schools, non-profits, or others entities excluded from paying taxes.)

Loan Guarantee Program Established: This provision is especially helpful for the development of large-scale solar power plants. It establishes a temporary DOE loan guarantee program for renewable energy and electric power transmission projects. The program is available for any renewable project that commences construction by September 30, 2011. The program provides \$6 billion in renewable funding.

Manufacturing Investment Credit: Everyone wants manufacturing jobs, and this provision will help attract solar manufacturing facilities to the U.S. It provides up to \$2.3 billion to fund 30 percent investment tax credit for facilities engaged in the manufacture of advanced energy technologies. Projects must be certified by the Treasury, in consultation with the Secretary of Energy, through competitive bidding.

The details of the implementation of many of law's provisions will be determined in the next several weeks. When more is know about how individuals and businesses will benefit, we will post that information on this website. In the meantime, if you have any immediate, particular questions about the enhanced federal tax credits for solar-electric (PV) or solar thermal (solar hot water), feel free to call Built Well Solar Corp. at (516) 695-1000 or e-mail info@builtwellsolar.com.

Sources: SEIA, www.recovery.gov.

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