

State Energy Program
Utah Incentives for Geothermal
Utah Geothermal Working Group
Meeting
April 2008
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State Energy Program

- Renewable Energy Tax Credit-Production Tax Credit
- Renewable Energy Sales Tax Exemption

Utah Renewable Energy Tax Credits—Residential

- Residential Systems
 - 25% of reasonable costs of system up to \$2,000
 - \$2,000 cap is lifetime for residence
 - Eligible technologies (new in 2007 in red)
 - Active solar (thermal and PV)
 - Passive solar
 - Biomass (but not for heating; fuel or electricity only)
 - Direct-use geothermal
 - Geothermal heat-pump system
 - Wind
 - Hydro

Utah Renewable Energy Tax Credits—Commercial

- Commercial systems – Investment Credits
 - 10% of reasonable costs of system up to \$50,000
 - \$50,000 cap is lifetime for a single building, wind turbine, or agricultural water pump
 - Does not apply for wind, geothermal electricity, or biomass < 660 kW capacity
 - Eligible technologies (new in red)
 - Active solar (thermal & PV)
 - Passive solar
 - Geothermal electricity
 - Direct-use geothermal
 - Geothermal heat-pump
 - Wind
 - Hydro
 - Biomass (including landfill or sewer methane)

Commercial Renewable Energy Tax Credits

- Commercial Systems - Production Tax Credits
 - Wind, geothermal electricity and biomass systems producing electricity
 - Must be > 660 kW capacity
 - Credit = 0.35 cents / kWh produced
 - Electricity can be sold or used
 - Credit may be claimed for four years after beginning operation

Utah Renewable Energy Tax Credits

- Production tax credit benefit scenario:
Wind
 - Assume 200 MW capacity, 30% capacity factor
 - $8,760 \text{ hrs} \times .30 \times 200,000 \times \$0.0035 = \$1,839,600$ per year
 - Over four years, \$7.36 million

Utah Renewable Energy Tax Credits

- Production tax credit benefit scenario:
Geothermal
 - Assume 25 MW capacity, 90% capacity factor
 - $8,760 \text{ hrs} \times .90 \times 25,000 \times \$0.0035 =$
\$689,850 per year
 - Over four years, \$2.76 million

UGS' Role

- UGS is charged with certifying eligibility for tax credit applications
 - A role SEP has been fulfilling for years
- UGS explicitly given rulemaking authority for credits
 - Old Energy Office created rules for pre-2007 credits; set to expire October 2007
 - Rule overhaul in 2007; promulgation of new 2007 law-SB 223
- Tax credit rules rewritten in 2007
 - New language defines investment credits as percentage of “reasonable costs”
 - New PTC rules for certification

Renewable Energy Sale Tax Exemption

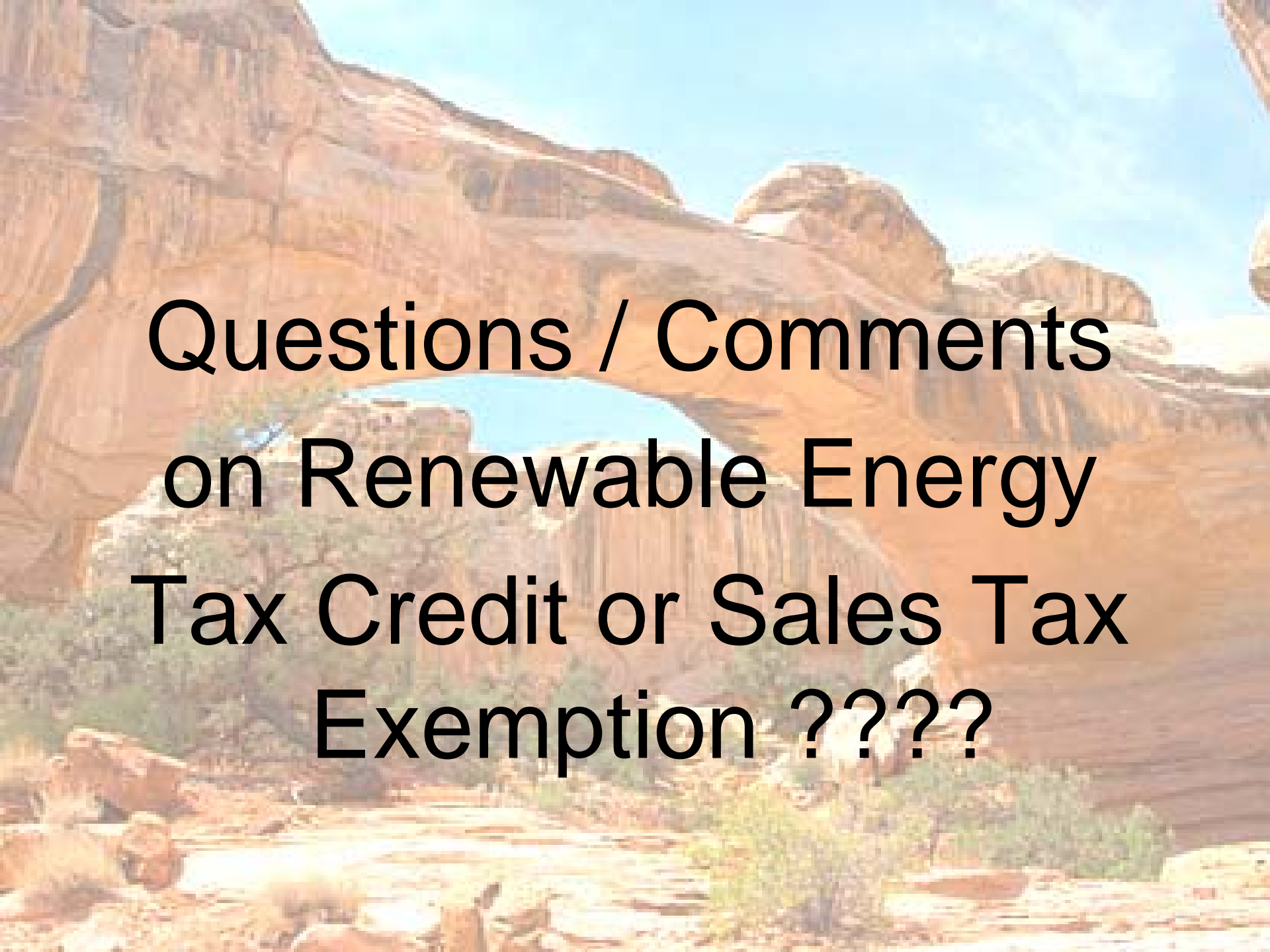
- Utah Code 59-12-104
- Eligible Technologies: Solar Thermal Electric, PV, Landfill Biogas, Wind Biomass, Hydro, **Geothermal**, Anaerobic Digestion
- Requirements: 20kW nameplate for new build or \Rightarrow 1MW for expansions
- Expires 6/30/2009

Renewable Energy Sale Tax Exemption

- Exempts the purchase or lease of equipment used to generate electricity for the state sales tax
- All leases must be for at least seven years
- Eligible Equipment: generating equipment, monitoring systems, transmission, substation equipment, lighting, fencing, pipes, etc.

Renewable Energy Sale Tax Exemption

- Non-eligible equipment: tools and other equipment used in the construction of a new facility, contracted services for construction and maintenance and equipment utilized after construction
- Scheduled to be repealed on June 30, 2009

A scenic view of a desert canyon with a natural rock archway in the background. The canyon walls are made of reddish-brown sandstone, and the sky is a clear, bright blue. The foreground shows a rocky, sandy path leading towards the archway.

**Questions / Comments
on Renewable Energy
Tax Credit or Sales Tax
Exemption ????**