



# ARRA Stimulus

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

## *An Overview of the Alternative Energy Provision\**

**Brett Breitschwerdt, Esq.**

Bricker & Eckler LLP

614.227.2301

[bbreitschwerdt@bricker.com](mailto:bbreitschwerdt@bricker.com)





# Accessing the Details

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

## Google Search Terms

### Federal

- “DOE EERE Recovery”
- “1603 Treasury”

### Ohio

- “Ohio Recovery Energy”

### Bricker & Eckler LLP

- “Bricker Green Strategies Group”
- “Ohio Green Strategies Blog”





# Resources

A leader in Ohio's  
advanced energy  
finance and  
structuring

**Green Strategies Bulletin**

*Green Strategies Bulletin No. 09-26*

October 2009

**Bricker & Eckler LLP**

100 South Third Street  
Columbus, Ohio 43215-1291

Phone 614 . 227 . 2300  
Fax 614 . 227 . 2390  
info@bricker.com  
www.bricker.com

**COLUMBUS | CLEVELAND  
CINCINNATI DAYTON**

**Loan Guarantees For Commercial Renewable Energy Generation Projects Announced**

On October 7, 2009, the U.S. Department of Energy (DOE) announced a long awaited new public-private risk-sharing loan guarantee program referred to as the Financial Institution Partnership Program (FIPP). The DOE simultaneously announced its first solicitation (Solicitation) under the FIPP for loan guarantees

ration in the future for commercial renewable manufacturing projects that also are eligible for loan guarantees under Section 1705.

Under the FIPP, Commercial Project Borrowers are not permitted to apply directly to the DOE for loan guarantees. Rather, under the FIPP, the DOE relies on qualified financial institutions





# Resources

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

Ohio Green Strategies Blog published by Bricker & Eckler LLP - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address <http://www.ohiogreenstrategies.com/>

ohiogreenstrategies BLOG

About Services Contact

Published by: Bricker & Eckler LLP

Oct 13, 2009

**Renewable Energy Credit Applications filed with the PUCO**

Here is the listed list of projects submitted to the PUCO for Renewable Energy Credits.

Applications filed via October 8, 2009.

Posted by S. Wozniak in [Business](#), [Renewable Energy](#), [Solar](#), [Solid Waste Disposal](#), [Wind](#), [Taxes](#) | [Send to Friends](#) | [Permalink](#)

Search

Categories  
[Business](#)



[www.ohiogreenstrategies.com](http://www.ohiogreenstrategies.com)

© 2009 Bricker & Eckler LLP



# Resources

A leader in Ohio's advanced energy finance and structuring



## Ohio Senate Bill 221 Alternative Energy Portfolio Standard

Alternative Energy Technologies	2025 R.P.S. Benchmarks	In-State Requirements	Renewable Energy Credits	Enforcement/ Compliance Payments																																																			
<b>Renewable</b> ORC 4928.01(A)(35) <ul style="list-style-type: none"> <li>Solar – Photovoltaic</li> <li>Solar – Thermal</li> <li>Wind</li> <li>Hydropower</li> <li>Certain Solid Waste</li> <li>Biomass</li> <li>Bio-Methane Gas</li> <li>Fuel Cells</li> <li>Wind Turbines – Lake Erie</li> <li>Off Peak Storage Facilities Utilizing Renewables</li> <li>Distributed Generation Facilities Utilizing Renewables</li> </ul>	<b>Renewable and Solar Benchmarks: 12.5% +</b> ORC 4928.64(B)(2) <table border="1"> <thead> <tr> <th>Y</th> <th>R</th> <th>S</th> </tr> </thead> <tbody> <tr><td>2009:</td><td>.25%</td><td>.004%</td></tr> <tr><td>2010:</td><td>.50%</td><td>.010%</td></tr> <tr><td>2011:</td><td>1.0%</td><td>.030%</td></tr> <tr><td>2012:</td><td>1.5%</td><td>.060%</td></tr> <tr><td>2013:</td><td>2.0%</td><td>.090%</td></tr> <tr><td>2014:</td><td>2.5%</td><td>.120%</td></tr> <tr><td>2015:</td><td>3.5%</td><td>.150%</td></tr> <tr><td>2016:</td><td>4.5%</td><td>.180%</td></tr> <tr><td>2017:</td><td>5.5%</td><td>.220%</td></tr> <tr><td>2018:</td><td>6.5%</td><td>.260%</td></tr> <tr><td>2019:</td><td>7.5%</td><td>.300%</td></tr> <tr><td>2020:</td><td>8.5%</td><td>.340%</td></tr> <tr><td>2021:</td><td>9.5%</td><td>.380%</td></tr> <tr><td>2022:</td><td>10.5%</td><td>.420%</td></tr> <tr><td>2023:</td><td>11.5%</td><td>.460%</td></tr> <tr><td>2024:</td><td>12.5%</td><td>.500%</td></tr> </tbody> </table>	Y	R	S	2009:	.25%	.004%	2010:	.50%	.010%	2011:	1.0%	.030%	2012:	1.5%	.060%	2013:	2.0%	.090%	2014:	2.5%	.120%	2015:	3.5%	.150%	2016:	4.5%	.180%	2017:	5.5%	.220%	2018:	6.5%	.260%	2019:	7.5%	.300%	2020:	8.5%	.340%	2021:	9.5%	.380%	2022:	10.5%	.420%	2023:	11.5%	.460%	2024:	12.5%	.500%	At least ½ of renewable energy resources to be implemented by the utilities shall be met through facilities located in Ohio.  The remainder shall be met with resources that can be shown to have been delivered into this state. ORC 4928.64(B)(3)	Utilities may use R.E.C.s in any of the 5 calendar years following acquisition to comply with both the renewable and solar energy resource requirements.  1 R.E.C. shall equal 1 Mw Hour of electricity from renewable resources. ORC 4928.65	<b>1) Annual PUCO Review</b> ORC 4928.64(C)(1)  <b>2) If Not in Compliance:</b> ORC 4928.64(C)(2)  <b>A) Solar Benchmark</b> \$ per Mw hour : 2009: \$450 2010: \$400 2012: \$350 2014: \$300 2016: \$250 2018: \$200 2020: \$150 2022: \$100 2024: \$50  <b>B) Renewable Benchmark</b> 2009: \$45 Adjusted annually per CPI
Y	R	S																																																					
2009:	.25%	.004%																																																					
2010:	.50%	.010%																																																					
2011:	1.0%	.030%																																																					
2012:	1.5%	.060%																																																					
2013:	2.0%	.090%																																																					
2014:	2.5%	.120%																																																					
2015:	3.5%	.150%																																																					
2016:	4.5%	.180%																																																					
2017:	5.5%	.220%																																																					
2018:	6.5%	.260%																																																					
2019:	7.5%	.300%																																																					
2020:	8.5%	.340%																																																					
2021:	9.5%	.380%																																																					
2022:	10.5%	.420%																																																					
2023:	11.5%	.460%																																																					
2024:	12.5%	.500%																																																					
<b>Advanced</b> ORC 4928.01(A)(34) <ul style="list-style-type: none"> <li>Clean Coal</li> <li>Advanced Nuclear</li> <li>Energy Efficiency</li> <li>Fuel Cells</li> <li>Co-gen</li> <li>Certain Solid Waste</li> </ul> <b>Mercantile Sited</b> ORC 4928.01 (A)(1) <ul style="list-style-type: none"> <li>Real/Reactive Power</li> <li>Waste Heat Efficiency</li> <li>Demand/Load storage</li> <li>Advanced/Renewable</li> </ul>	Advanced Energy Requirement: 12.5% ORC 4928.64(B)(1)	<b>Key A.E.P.S. Cost Containment Mechanisms</b> <table border="1"> <thead> <tr> <th>3% Cost Cap</th> <th>Force Majeure Provision</th> </tr> </thead> <tbody> <tr> <td>Utilities not required to comply with benchmark to the extent compliance will result in 3+% increase in electricity production or acquisition costs. ORC 4928.64(C)(3)</td> <td>Utility may request PUCO to determine whether renewable resources are sufficiently available to enforce R.P.S. benchmark requirement. If utility shows good faith effort to comply with renewable benchmarks but cannot, PUCO may reduce obligation. Modification does not automatically reduce future benchmarks. ORC 4928.64(C)(4)</td> </tr> </tbody> </table>			3% Cost Cap	Force Majeure Provision	Utilities not required to comply with benchmark to the extent compliance will result in 3+% increase in electricity production or acquisition costs. ORC 4928.64(C)(3)	Utility may request PUCO to determine whether renewable resources are sufficiently available to enforce R.P.S. benchmark requirement. If utility shows good faith effort to comply with renewable benchmarks but cannot, PUCO may reduce obligation. Modification does not automatically reduce future benchmarks. ORC 4928.64(C)(4)																																															
3% Cost Cap	Force Majeure Provision																																																						
Utilities not required to comply with benchmark to the extent compliance will result in 3+% increase in electricity production or acquisition costs. ORC 4928.64(C)(3)	Utility may request PUCO to determine whether renewable resources are sufficiently available to enforce R.P.S. benchmark requirement. If utility shows good faith effort to comply with renewable benchmarks but cannot, PUCO may reduce obligation. Modification does not automatically reduce future benchmarks. ORC 4928.64(C)(4)																																																						



**For more information contact:**  
 Terrence O'Donnell 614.227.2345 [tdonnell@bricker.com](mailto:tdonnell@bricker.com)  
 Kurt Tunnell 614.227.8837 [ktunnell@bricker.com](mailto:ktunnell@bricker.com)  
 Brett Breitschwerdt 614.227.2301 [bbreitschwerdt@bricker.com](mailto:bbreitschwerdt@bricker.com)



# Tax Provisions

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

- **Extension of PTC (Section 45)**
  - Wind Projects Placed in Service before 1/1/2013
  - Other PTC-Eligible Projects P.I.S. before 1/1/2014
- **Extension of ITC (Section 48)**
  - ITC eligible projects P.I.S. before 1/1/2017
  - Expansion of eligible Technologies to Include PTC Technologies
  - Repeal Subsidized Energy Financing Limitation
- **Bonus Depreciation Extended for 2009**





# Tax Provisions

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

## Treasury Grant in Lieu of ITC

- Grant equal to 30% (or 10%) of eligible project costs for projects that commence construction in 2009 or 2010
- ITC and PTC Renewables eligible
- Awarded 60 days from P.I.S.
- Limitations on Eligible Applicants





# Tax & Financing Provisions

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

- **1705 Loan Guarantee Program**
  - “Rapidly Deploy” \$60 - \$100 Billion in Loan Guarantees by Sept. 2011
  - Expanded to “Commercial” as well as “Innovative” Projects
  - Utilizing local Development Financing Agencies
- **Advanced Energy Manufacturing Credit**
  - \$2.3 Billion in Competitive ITCs at 30% of project Investment costs to financing new or retooled “Green Manufacturing” Facilities
  - Effectively Closed unless another solicitation is necessary







# E.E.C. Block Grant Program

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

- **Government-Focused Program**
- **Ohio Allocated \$84,000,000**
  - \$59 Million Directly Allocated by Feds
  - \$25 Million to be distributed by ODOD to “sub-grantees”
- **Purposes**
  - Reduce Fossil Fuel Emissions
  - Reduce Total Energy Consumption
  - Implement Energy Efficiency
- **Wide Array of Available Funding Uses**





# E.E.C. Block Grant Program

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

## Categorical Uses of Block Grant Funds

- Develop Energy Efficiency and Conservation Strategy
- Retain Technical Consultants to Develop Strategy
- Residential and Commercial Energy Audit Program
- Financial Incentive Programs
- Energy Efficiency Retrofit Programs
- Facility and Building Efficiency and Conservation Programs
- Develop and Implement Transportation Programs
- Building Code Inspections
- Distributed Energy and Renewable Energy Projects
- Reduction and Capture Methane and Greenhouse Gases
- Traffic Signals and Street Lighting



[www.ohiogreenstrategies.com](http://www.ohiogreenstrategies.com)

© 2009 Bricker & Eckler LLP



# E.E.C. Block Grant Program

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

## Ohio Allocation Break Down (\$84 Million)

- **Largest 10 Counties/Largest 33 Cities**
  - June 25, 2009 - Submitted Proposals to US DOE
- **78 Counties/114 City Govs**
  - Split \$15 Million of \$25 Million for competitive sub-grants
  - Approved by DOE; Future Application Process through ODOD in “next few weeks”
- **State Facilities/Higher Education Institutions**
  - \$8.2 of \$25 Million to be made available
  - Approved by DOE; Future Application Process through ODOD in next 4-6 weeks





# State Energy Program

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

- Ohio allocated \$96 Million out of \$3.1 Billion Nationally
- 1,600 Projects proposed on Recovery.Ohio.Gov (\$6.1 Billion)
- Administered by Ohio Energy Office in coordination with other Agencies
- Ohio Plan Approved June 26, 2009
- Five Program Categories Proposed



[www.ohiogreenstrategies.com](http://www.ohiogreenstrategies.com)

© 2009 Bricker & Eckler LLP



# State Energy Program

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

## Deploying Renewable Energy

- **\$42 Million Allocated between 3 Sub-Categories**
  - Renewing Manufacturing through Deployment
  - Transforming Waste to Value
  - Advancing Biofuels Beyond Basics
- **Initial Solicitation**
  - Deploying Wind & Solar – Closed Sept. 25
    - \$14 Million made available
    - Solar \$3 per Watt up to \$1 Million
    - Wind \$2 per kWh up to \$1 Million
    - Solar Thermal - \$30 per kBtu per day up to \$500,000
- **\$28 Million Still Remaining to be Distributed**





# State Energy Program

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

## Targeting Industry Efficiency

- \$10 Million Solicitation Announced (\$15 Million Allocated)
- Applications Due October 16, 2009
- Minimum \$250,000 to Max \$1 Million grant to match private Investment dollars to fund energy efficiency projects in Specific Manufacturing Industries based on Specific NAICS Codes
  - Advanced Energy and Environmental Technologies,
  - Aerospace and Aviation,
  - Agriculture and Food Processing,
  - Bio Science and Bio-products
  - Refrigerated Warehousing/Distribution,
  - Instruments, Controls and Electronics,
  - Motor Vehicles and Parts Manufacturing, and
  - Polymers and Advanced Materials.



[www.ohiogreenstrategies.com](http://www.ohiogreenstrategies.com)

© 2009 Bricker & Eckler LLP



# State Energy Program

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

## Making Efficiency Work

- \$8 Million Allocated
- Focused on improving energy efficiency in Ohio's Building Stock through grants and other incentive programs
- Partnerships with building and contractor industries for "Green Building"
- Solicitations expected in next 4-6 Weeks



[www.ohiogreenstrategies.com](http://www.ohiogreenstrategies.com)

© 2009 Bricker & Eckler LLP



# State Energy Program

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

## Banking on New Energy Financing

- \$30 Million Allocated
- Public-Private “Venture Capital-type” Partnership leveraging SEP dollars combined with private investment to finance energy efficiency, renewable energy, and manufacturing
- Could fund any SEP eligible project from other categories
- Solicitation still being developed



[www.ohiogreenstrategies.com](http://www.ohiogreenstrategies.com)

© 2009 Bricker & Eckler LLP





# State Energy Program

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

## Ohio Carbon Management Strategy

- \$500,000 Allocated
- Develop integrated energy and carbon strategy for Ohio
- Goal is to prepare Ohio for carbon regulated world





# Reading the Fine Print

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

- NEPA
- Davis-Bacon Prevailing Wage
- Buy-American Provisions
- Reporting Requirements





# Thank You

*A leader in Ohio's  
advanced energy  
finance and  
structuring*

**Brett Breitschwerdt, Esq.**  
Bricker & Eckler LLP  
614.227.2301  
[bbreitschwerdt@bricker.com](mailto:bbreitschwerdt@bricker.com)



[www.ohiogreenstrategies.com](http://www.ohiogreenstrategies.com)

© 2009 Bricker & Eckler LLP