



Developers Can Make Grant Applications Next Week

AWEA hosted a members-only webinar this week with experts sharing valuable insights on two key provisions of the American Recovery and Reinvestment Act (ARRA): the Treasury grant program in lieu of the investment tax credit (ITC) and the DOE (U.S. Department of Energy) loan guarantee program for innovative and commercial renewable technologies. The Treasury grant program is limited to developers of wind farms. Manufacturers as well as developers are eligible for DOE loan guarantees.

During the webcast, panelist Ellen Neubauer from the Office of the Fiscal Secretary at the U.S. Department of the Treasury revealed that the government would begin accepting grant applications “prior to August 1st.” She added, “I would advise folks to start looking for it early next week.” This news comes as a relief to the wind industry, which has been waiting since ARRA was signed into law in late February to begin accessing this funding. Treasury issued the rules governing the program on July 9, 2009.

Neubauer also confirmed that Treasury will pay the grant within 60 days of an application being submitted via the online portal, perhaps even sooner, depending on the volume of applications they receive.

JP Morgan Capital’s John Eber presented an upbeat assessment of the debt and equity markets’ response to the grant program: “On the debt side certainly there are new entrants coming into the market, primarily because rates have risen due to the shortage of capital in that marketplace. On the tax equity side, we’re just beginning to see interest from new investors or investors who have pulled out.” Eber is Managing Director for Energy Investments at JP Morgan Capital and an AWEA Board Member. He added, “I expect both the debt and equity marketplaces will pick up speed over the next couple of months now that we have the official guidance out. The tax equity marketplace is clearly a few months behind the lending marketplace right now.”

Other panelists included Joe Mikrut of Capitol Tax Partners, and Kenneth Hansen of Chadbourne & Parke. Hansen indicated that DOE is still drafting the rules for the Loan Guarantee Program created by ARRA. He said DOE is targeting a release date of July 31, but early August may be more likely.

The webcast also included discussions on how developers may try to capture the depreciation tax benefits associated with a project but not covered by the grant, the ability of projects with tax-exempt investors to restructure ownership in order to take advantage of the grant, and improvements that could be made to make the loan guarantee program work better, among many other issues.

The discussion on the recovery law and the impact on project financing will continue at AWEA's Wind Power Finance and Investment Workshop being held in New York City on October 13-14, 2009. Additional details can be found online at: <http://www.awea.org/events/finance09/>

Treasury's rules on the grant program are available online at:
<http://www.treasury.gov/recovery/1603.shtml>.

AWEA's summary of the guidance is available here:
http://www.awea.org/legislative/american_recovery_reinvestment_act.html

Source: Wind Energy Weekly, 24 July 2009