



**Renewable Electricity Production Tax Credit:**  
**Proposal to Allow Either Seller or Buyer of Electricity to Claim Credit**

A long-term extension of the renewable electricity production tax credit (PTC) for electricity produced from wind is critical to this country's continued growth in renewable energy production. Short-term extensions of the PTC over the last decade have caused wild swings in the wind marketplace as manufacturers and developers have been forced to scramble to place wind facilities into service before the scheduled expiration of this credit. In any legislative package to stimulate the production of renewable energy and provide economic stimulus, a long-term extension of the PTC for wind and other resources is a critical component.

In addition, Congress must look seriously at providing a immediate remedy to the erosion in the incentive value of the PTC and other energy tax credits caused by the financial crisis. Simply put, many traditional investors in renewable generation projects – due to substantial losses stemming from the financial crisis – no longer have tax appetite against which to be able to utilize tax credits, so the value of these credits is negated. In addition to considering the possibility of making the PTC refundable or tradable, a simple way to restore the value of the PTC for many new renewable generation facilities would be for Congress to allow the tax credit to be utilized by *either* the seller of electricity from the renewable resource, *or* the buyer of such electricity. In this way, because most investor-owned utilities still have tax appetite, renewable generation projects that are not benefiting under current law from the PTC could do so by having the utility (or other purchaser) – as the buyer – claim the PTC for the electricity generated from the seller's facility.

This ensures that the intent of Congress underlying the PTC – to increase the value of renewable electricity production – is not negated because of the economic crisis. In the absence of providing some way to ensure that the PTC maintains its value even when the renewable energy producer is not able to claim the credit, many existing and future renewable energy projects could be cancelled.

**PROPOSAL:** Where the seller of renewable electricity qualifying for a PTC does not claim the credit, the buyer of such electricity may claim the credit.