



Program Announcement

August 23, 2010

Clean Energy Development Board Establishes Rules for the VT Business Solar Tax Credit Certification Program

The Clean Energy Development Board (CEDB) will provide reservations for Business Solar Tax Credit certifications totaling \$7,000,000. The reservations will be awarded to eligible applications received on or before the July 15th deadline, based on the following ranking criteria:

- 1st Priority: Solar thermal projects.
- 2nd Priority: Commissioned projects, by the date of commissioning.
- 3rd Priority: Photovoltaic projects, by the date a complete application for a Certificate of Public Good (CPG) was filed by the Public Service Board.
- 4th Priority: Photovoltaic projects, by the date and time a complete application for the business Solar Tax Credit was filed with the Clean Energy Development Board.

Furthermore, the CEDB established the following eligibility rules and conditions for the solar tax credit certification program:

- 1) The Solar Tax Credit certification reservations shall only be awarded to applications that provided a Vermont taxpayer identification number to the CEDB.
- 2) Projects for which the total cost listed on the tax credit application exceeds \$8,500 per kW of capacity (AC rating) will not be awarded a certification reservation unless the CEDB finds that the applicant has justified the proposed project costs to the CEDB's satisfaction.
- 3) All applicants for the Solar Tax Credit that applied on or before July 15th were placed in a queue. The first \$7,000,000 million of eligible projects in the queue were granted reservations for certification. Remaining projects in the queue may later be considered for tax credit reservations if additional funds become availableⁱ. Solar Tax Credit certification reservations will be converted into certifications only once the applicant has received a CPG from the Vermont Public Service Board, if a CPG is required. If no CPG is required, the certification would be awarded once the project

has been commissioned. Projects that are in the queue above the \$7 million worth of awarded Solar Tax Credit reservations will be kept in the queue.

- 4) An additional \$500,000 will be allocated for Solar Tax Credits certifications solely for solar thermal and photovoltaic projects that are less than 150 kWⁱⁱ. The application period for such projects will be reopened and new rules announced on the CEDF web site in the very near future.
- 5) If the CEDF funds do not allow for a project to receive a reservation for its full estimated tax credit amount, then that project will be awarded a reservation for a tax credit for a portion of the proposed project (based on the project's \$/kW costs listed in the projects tax credit application). The remaining kW of a project will be placed back into the queue and would be funded first, if additional funds are provided for the Solar Tax Credit Certification Program.
- 6) Applicants that do not receive reservations for solar tax credit certifications may be eligible for the Vermont Investment Tax Creditⁱⁱⁱ and they may also apply for incentive payments for their projects through the CEDB, administered Vermont Small-Scale Renewable Incentive Program. Applications will be deemed ineligible for the Solar Tax Credit if they receive a reservation for the Vermont Small-Scale Renewable Incentive Program.

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ⁱ This queue establishes a priority ranking of remaining solar tax credit reservation applications the CEDB will use to allocate additional unrestricted funds made available to the CEDF for this purpose.

ⁱⁱ Act 159 (32 VSA §5930z) requires the CED Board to set aside an undetermined amount of funds for solar thermal projects and projects under 150 kW of rated capacity and that these projects have until December 15th to apply for a VT business solar tax credit from the CED Board.

ⁱⁱⁱ The CEDF has been advised by the Department of Taxes and that projects that do not obtain the Vermont business solar tax credit certification may be eligible for Vermont investment tax credit (ITC), which is 24% of the federal ITC (equal to 7.2% of project costs).