



## Program Announcement

**FROM:** Andrew Perchlik, Clean Energy Development Fund Manager  
**RE:** Certification Process for the VT Business Solar Tax Credit  
**DATE:** July 2, 2010

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The Vermont Business Solar Energy Tax Credit, as revised in Act 159 (32 VSA §5930z) requires that the Vermont Clean Energy Development (CED) Board certify no more than \$9,400,000 of eligible solar energy tax credits to the Vermont Department of Taxes.

The CED Board has developed a procedure and form to determine Vermont taxpayers' eligibility for the Vermont business solar tax credits, and will certify tax credits to the Tax Department based on a set of criteria (see below).

Pursuant to the requirements in Act 159 of 2010, the CED Fund announces the following timeline for the VT business solar energy tax credit certification process:

1. The Vermont business solar tax credit certification applications will be made available on the CED Fund web site no later than July 5<sup>th</sup>, 2010.
2. Applications must be received by the CED Fund before 4:00 PM on July 15<sup>th</sup>, 2010.
3. Announcements on the credits will be made no later than July 30<sup>th</sup>, 2010.
4. A certain amount of business solar tax credits for projects under 150kW that require a Certificate of Public Good (CPG) and solar projects that don't require a CPG, will be made available after the announcement of the tax credits awarded from the applicants received on July 15<sup>th</sup>, 2010. The \$ amount of tax credits available for these projects will be announced at a later date.
  - a. VT business solar tax credits in this post July 15<sup>th</sup>, 2010 group will be certified on a rolling first come, first served basis until all the \$ amount of credits has been certified or December 15<sup>th</sup>, 2010, whichever comes first. At that point there will be no further certification of VT business solar tax credits.

The certification of VT business solar tax credits will use the following criteria:

**I. Eligibility Criteria** (per 32 VSA §5930z, Section 11(c) 1 and 2)

There are two sets of criteria that can be used to certify the tax credits:

- i. The investment for which the solar energy tax credit is claimed is made after January 1, 2010, and:*

1. *The investment pertains to a solar energy plant that has a plant capacity, as defined in 30 VSA §8002(13) of 2.2 MW or less;*
  2. *On or before July 15, 2010, the solar energy plant owner filed a complete petition with the public service board for a certificate of public good under 30 VSA §248;*
  3. *On or before September 1, 2011, construction on the solar energy plant is complete and the plant is commissioned or is ready to be commissioned within the meaning of 30 VSA §8002(11); and*
  4. *By July 15, 2010, the taxpayer has provided to the clean energy development board on a form prescribed by the board information necessary for the fund to determine the taxpayer's eligibility for the credit; or*
- ii. *The investment is made after January 2010 and before December 31, 2010 and pertains to a system that constitutes energy property as defined in 26 USC §48(a)(3)(A)(i) and that does not require a certificate of public good under 30 VSA §248, or pertains to a net metering system as defined in 30 VSA §219a(a)(3), provided that the system is of no more than 150 kilowatts (AC) capacity; and*
1. *By December 15, 2010, the taxpayer has provided to the clean energy development board on a form prescribed but the board information necessary for the fund to determine the taxpayer's eligibility for the credit*

## **II. Limitations of the VT business solar tax credit**

- i. 32 VSA §5930z, Section 11(d): The final amount of any solar energy tax credit certified under this section shall not exceed the amount awarded to the taxpayer under 26 USC §48
- ii. The tax credit, if any, will only apply to project costs not covered by any grants or similar funding from any public or private program that assists in providing capital investment for the solar energy project.
- iii. A taxpayer that has received any grants or similar funding from the CEDF (e.g., incentive payments under the Small Scale Renewable Energy Incentive Program), is not eligible to claim the Business Solar Energy Tax Credit for that project.

## **III. Criteria for Certifying Tax Credits**

Determination on certification of tax credits will be based upon a first come, first served criteria as approved by the Vermont Clean Energy Development Board. These decision criteria will be applied in descending order to determine which tax credit applications will be certified first. Tax credits will be certified until the \$ amount of credits available has been reached or until the date of December 15<sup>th</sup>, 2010, whichever occurs first.

- a. ***Date System Installed-*** Applicant has completely installed and commissioned, or is prepared to commission, a solar energy plant prior to July 15<sup>th</sup>, 2010.
- b. ***Date a Complete Petition for a Certificate of Public Good Applied for-*** Date the Public Service Board received a petition for a CPG. The petition must be deemed complete by the Public Service Board.
- c. ***Application Date to the CEDF for Certification-*** Date the CEDF receives the tax credit certification application.

**EXAMPLE:**

Four companies apply for a \$10,000 solar energy tax credit:

Company A – Applied for a CPG in January 2010, received CPG but has not commissioned the system.

Company B – Applied for a CPG in February 2010, received the CPG and commissioned the system in March, 2010

Company C – Applied for the CPG and tax credit certification on July 15<sup>th</sup>

Company D – Applied for the tax credit certification on July 14<sup>th</sup> and the CPG on July 15<sup>th</sup>.

The credits would be allocated using the criteria above as follows:

**Hierarchy of Criteria**

- 1. Date of installation
- 2. CPG application
- 3. Application for tax credit.
- 4. Application for tax credit.

**Certification of Tax Credits**

- 1. Company B
- 2. Company A
- 3. Company D
- 4. Company C

IV. Before July 30th the CED Board will, pursuant to Act159 (of 2010) set aside a portion of the available credits for projects that do not need a CPG (solar hot water or off-grid PV) or are under 150kW in size as set forth in statute. Net metered projects that do not apply for the tax credit by the July 15<sup>th</sup> deadline can only apply for a tax credit from the funds reserved after the July 15<sup>th</sup> date. All tax credit applications after July 15<sup>th</sup> will be evaluated on a first come, first served basis in a new round and cannot claim a credit already certified for a different project in the July 15<sup>th</sup> round.