

DOE, Treasury Provide Guidance on Direct Payments for Renewable Projects

DOE and the U.S. Department of Treasury issued guidance last week on the process for renewable energy project owners to receive direct federal payments in lieu of tax credits. Most large renewable energy projects are eligible to receive federal tax credits, and prior to the economic downturn, it was common for such projects to receive financing from third parties that would benefit from the tax credits. But with most companies now earning lower profits and expecting to pay lower taxes, that tax-credit financing has dried up, making it more difficult to take advantage of the tax credits. To address that issue, the American Recovery and Reinvestment Act authorized the Treasury Department to make direct payments to companies that create renewable energy facilities and place the facilities in service on or after January 1, 2009. See the [February 18 article](#) from this newsletter on this aspect of the Recovery Act.

The Treasury Department has set aside \$3 billion in Recovery Act funds for the direct payments, sufficient to support an estimated 5,000 facilities using biomass energy, solar energy, wind power, and other types of renewable energy. The agency is not yet accepting applications for the direct payments, but by releasing the guidance documents now, the Treasury Department aims to give businesses ample time to prepare their applications. The agency intends to launch a Web-based application process in the coming weeks. See the [DOE press release](#) and the terms and conditions, guidance, and a sample application for the direct payments on the [Treasury Department Web site](#).

NOTE: The Treasury Department is not accepting applications for this program at this time.

However, to help facilitate the timely flow of program funds to eligible businesses, they are publishing several key documents in advance in order to give ample time for businesses to prepare applications and expedite implementation of this program. Posted here are the [guidance document](#), [terms and conditions](#), and a [sample application form](#). Please read each of the documents carefully.

A notice, with further instructions, will be posted here when Treasury is ready to begin receiving applications via a web-based application designed to further expedite program implementation. Thank you for your interest in this program.

Questions Please e-mail any questions you may have to: 1603Questions@do.treas.gov