

Global Project Finance

PTC Extension Included in Tax Extenders Package by Senate Finance Committee

August 2, 2012

By a bipartisan margin of 19 – 5, the Senate Finance Committee passed a tax extenders package today that includes an extension of the renewable energy production tax credit (PTC) and investment tax credit (ITC). The language of the Finance Committee mark-up of the bill includes a proposed extension that changes the start of construction deadline for projects to the end of 2013, rather than changing the “placed in service” date. This may allow the PTC and ITC to benefit both onshore and off-shore wind projects by possibly delaying the “placed in service” date for those projects that will take longer to build, such as offshore wind projects. It is unclear whether the final bill will include an outside date by which a project must be “placed in service” or whether a mere requirement of “continuous construction” will be imposed. It is also not yet clear whether the 10 year PTC period will run from the placed in service date, the commencement of construction date (we hope not) or some other date. We will monitor the bill closely as more clarity is provided on these points and will keep you updated. The bill now goes onto the full Senate. It is uncertain whether the Senate will take this bill up when it returns from recess in September. House leadership, however, has unequivocally stated that they will not take up the tax extenders package until after the election. Thus, we still have a ways to go toward a PTC extension and should not expect action until after the election. However, this afternoon’s action is a step in the right direction and will put the PTC and ITC in a very good position when the tax extenders are negotiated during the upcoming “lame duck” session in November and December.

CONTACT INFORMATION

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