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WPUDA urges extension of Clean Renewable Energy Bonds

Enacted as part of the “Energy Policy Act of 2005,” the Clean Renewable Energy Bond program provides public power utilities with the ability to issue tax credit bonds to fund renewable energy projects.

Tax credit bonds provide a way for public power utilities to obtain interest-free financing for qualified projects for a limited term. The CREB program seeks to provide those utilities with an incentive comparable to the federal Production Tax Credit that is available to private developers and investor-owned utilities.

In the first three years, governmental entities and electric cooperatives were allocated \$1.2 billion in CREB bonding authority. But absent congressional action, the program will expire at the end of 2008.

WPUDA urges Congress to approve a long-term extension of the CREB program to encourage the development of renewable energy projects by public power utilities. We also urge Congress to approve certain changes that will improve the effectiveness of the program.

We urge Congress to:

- Raise the CREB allocation to at least \$2 billion annually to ensure adequate funding;
- Clarify the definition of “governmental entity” to ensure that utilities with an “obligation to serve” receive an appropriate share of the allocation; and
- Change the allocation methodology to a pro rata basis, to allow for a more fair distribution.

In the House, Reps. Jim McDermott (D-WA) and Jim Ramstad (R-MN) have introduced HR 1821, the “Clean Renewable Energy for Public Power Act,” which would make most of those changes.



In the Senate, Sen. Maria Cantwell (D-WA) has introduced S 1370, the “Clean Energy Investment Insurance Act,” which includes a five-year extension of the CREB program with an annual allocation of \$5 billion.

(The House last year passed an energy tax title to the “Energy Independence and Security Act” that included an additional \$2 billion in CREB authority and the much-needed technical changes. That tax title failed to pass the Senate by a single vote.)

Emerging renewable technologies require lead times that far exceed the current CREB authorization. In addition, financing these projects can be more complex than conventional power plants because the lending industry is unfamiliar with the technology.

Public power utilities need political and financial certainty – in the form of a CREB extension and substantial increase in allocations – to reduce the cost of capital for renewable energy projects and to provide consumer-owned utilities with incentives comparable to those enjoyed by private developers.

We urge Congress to extend the CREB program as quickly as possible to provide that certainty.