

### NRAEQ Appropriations Subcommittee

August 2022

Office of Energy Development



### Oil and Gas Market Outlook



### Implementation of Past Funding



- Isotopes Research Funding
- Transmission study
- Coalto Carbon





## **Staff Changes**



### 2016-2021 Tax Credit Participation

## Renewable Energy Systems Tax Credit (RESTC)

- Credits for home and business owners who install renewable energy systems (mostly solar PV) on their property.
- Residential nonrefundable credit is calculated as 25% of system cost or the installation year limit, whichever is less.
  - o Installation Year Limit:
    - $\blacksquare$  Before 2018 = \$2,000
    - $\blacksquare$  2018-2020 = \$1,600
    - $\blacksquare$  2021 = \$1,200
    - = 2022 = \$800
    - = 2023 = \$400
    - Gone in 2024
- Commercial refundable credit is calculated as 10% of the system cost or \$50,000, whichever is less.

#### **RESTC Amounts\***

Number of Credits	
Approved	21,454
Amount in Credits	
Approved	\$42,699,697
Avg Credit	
Amount	\$1,990

#### **RESTC Annual**

Year	Number of Applications
2017	4,890
2018	3,775
2019	4,911
2020	2,224
2021	5,654
Yearly Avg	4,291

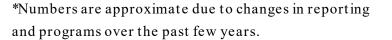
\*Numbers are approximate due to changes in reporting and programs over the past few years.

#### **Production Tax Credit (PTC)**

- Refundable credit for utility-scale (>660 kW) renewable energy projects.
  - Mostly solar PV, but can be for wind, geothermal, and biomass projects.
- Calculated as \$0.0035 per kWh produced.
- Credit lasts for the first 48 months of operation.

#### **PTC Amounts\***

Number of	
Projects Approved	37
Amount in Credits	
Approved	\$82,307,299
Avg Credit	
Amount	\$2,224,522





# High-Cost Infrastructure Tax Credit (HCITC)

- Nonrefundable credit for large scale infrastructure improvements.
  Infrastructure must benefit local community and/or the state.
- Credit is calculated as 30% of infrastructure related revenue annually until 50% of the infrastructure cost is met (30% for tier III fuel compliance projects).

#### **HCITC Amounts\***

Number of	
Projects Approved	15
Estimated Amount	
in Credits	
Approved**	\$311,118,683
Avg Credit	
Amount	\$20,741,246



<sup>\*</sup>Numbers are approximate due to changes in reporting and programs over the past few years.

<sup>\*\*</sup>Amount is an estimate due to no credits being claimed yet.

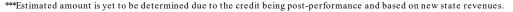
# Alternative Energy Development Incentive (AEDI)

- Nonrefundable credit for qualifying projects that produce at least 2 MW of electricity, 1,000 daily oil barrel equivalence, or 50 daily barrels biomass fuel.
  - Qualifying projects range from renewable resources (e.g. solar, wind, etc.) to unconventional fossil fuel resources (e.g. oil shale, coal-to-liquids, etc.)
- Credit is calculated as a fixed post-performance credit of 75% of new eligible state revenues for 20 years.

#### **AEDI Amounts\***

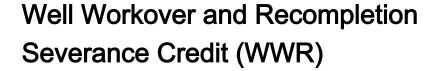
Number of	
Projects	
Approved**	7 (3 active)
Estimated Amount	
in Credits	
Approved***	TBD

<sup>\*\*</sup>Of the total 7 pre-approved projects, only 3 followed-through with the second application process and are thus considered "active".





<sup>\*</sup>Numbers are approximate due to changes in reporting and programs over the past few years.



- Nonrefundable severance tax credit for oil and gas operators who perform well workovers or recompletions.
- Credit is processed by the Utah Division of Oil, Gas, and Mining.

#### **WWR Amounts\***

Number of Credits	
Approved**	158
Amount in Credits	\$2,719,080
Avg Credit	
Amount	\$17,209

\*Numbers are approximate due to changes in reporting and programs over the past few years.



<sup>\*\*</sup>Only from Oct. 2020 - Dec. 2021

# Thank you!

