



UTAH OFFICE OF  
**ENERGY DEVELOPMENT**

# Tax Credits 2018-2022

# Renewable Energy Systems Tax Credit (RESTC)

- Utah Code 59-7-614 & 59-10-1014
- 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.
  - Installation Year Limit:
    - Before 2018 = \$2,000
    - 2018-2020 = \$1,600
    - 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	22,563
Amount in Credits Approved	\$44,900,370
Avg Credit Amount	\$1,990

## RESTC Annual

Year	Number of Approved Applications
2018	3,775
2019	4,911
2020	2,224
2021	5,654
2022	5,999
Yearly Avg	4,513

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



# RESTC Approval Process

1. Taxpayer, CPA, or solar installer creates account on our application site.
2. Complete and submit application that asks for pertinent information (e.g. installation address, taxpayer name(s), system cost, etc.) as well as copies of the following documents:
  - a. Confirmation of Utility Interconnection (if applicable)
  - b. Paid Invoice or Loan Agreement
  - c. Picture of Installed System
3. OED reviews application. If information matches documents as evidence of installation, an approval email is sent with a completed TC-40E form attached.
  - a. Upon rejection, the applicant is notified and given reasons as to why. Most cases just need a document reuploaded.

Credits are claimed in the year the system is installed and has a carryover of 4 years.



## RESTC Success

- Average System Capacity = ~6 kW
  - 22,563 approved credits x 6 kW = **135.4 MW capacity added over last 5 years**
- Benefit: Improves resiliency, energy security, and diversifies energy production within Utah.
- Solar PV phase-out: Jan. 2024
  - Recommendation - Allow residential solar to sunset in 2024, unless the legislature wants to renew it.



# Production Tax Credit (PTC)

- Utah Code 59-7-614 & 59-10-1106
- Refundable credit for utility-scale (>660 kW) renewable energy projects.
  - Mostly solar PV, but can be for wind, geothermal, and biomass projects.
- Calculated as 0.35 cents per kWh produced.
- Credit lasts for the first 48 months of operation.

## PTC Amounts

Number of Projects Approved	37
Amount in Credits Approved	\$28,095,790
Avg Credit Amount	\$795,345



# PTC Approval Process

1. PTC-1: Initial Approval
  - a. Applicant submits an application on our website that asks for pertinent information (e.g. site address, system capacity, equipment information, etc.) as well as copies of the following documents:
    - i. Site Control Evidence
    - ii. Facility Schematic and Detailed Facility Description
    - iii. Estimated Monthly Output
    - iv. Power Purchase Agreement
    - v. Site Picture
  - b. Upon approval, applicant receives approval letter detailing next step.
2. PTC-2: Annual Certification
  - a. Applicant submits an application every year that includes the facility's monthly generation numbers and invoices from purchasing utility. These numbers are compared against the utility's raw data which is acquired directly by OED.
  - b. Upon approval, applicant receives a TC-40E form with the credit amount listed.



## PTC Success

- Combined Nameplate Capacity: **1,535 MW**
  - Average nameplate capacity size: 40.7 MW
- Benefit: 2020- 4,645 GWh
  - Emission offset = 2,009,401 metric tons
- Recommendation: No changes to credit since there is continued interest in utility-scale projects in rural Utah, especially geothermal.

*Sources: Utah Geological Survey and the U.S. Environmental Protection Agency*



# High-Cost Infrastructure Tax Credit (HCITC)

- Utah Code 79-6-6
- 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
Amount in Credits Approved	\$311,118,683
Annual Credits Claimed	\$4,194,250

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

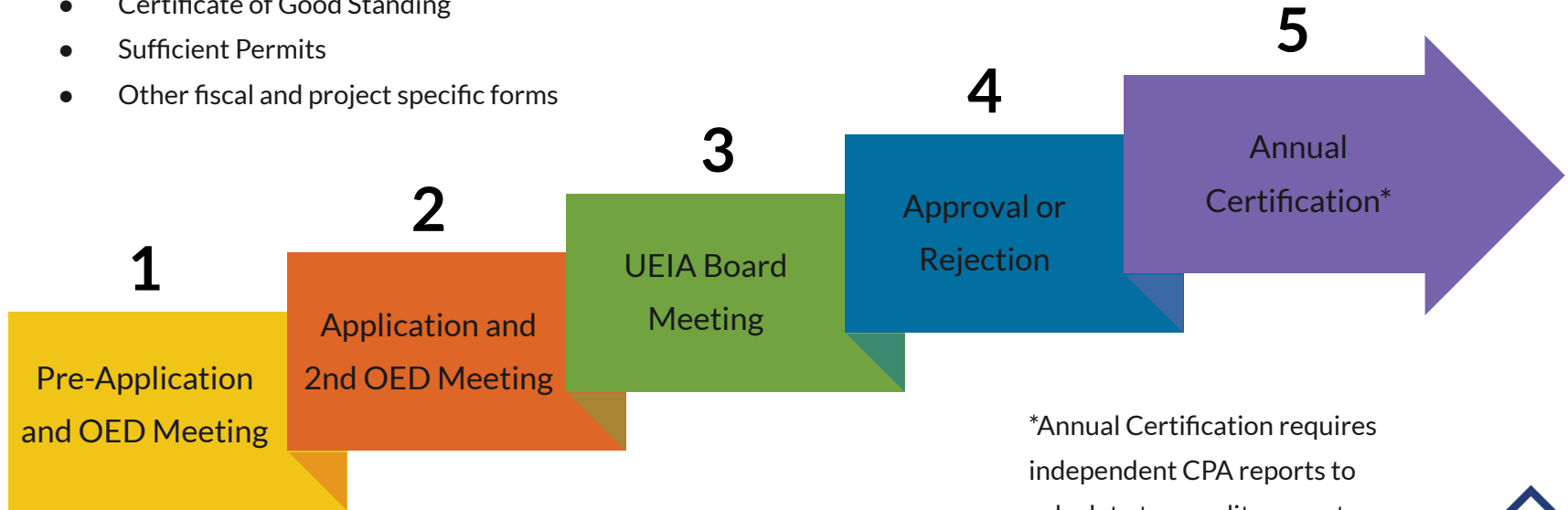




# HCITC Application Process

The HCITC application process requires various documentation including:

- Site Control
- Project Scope
- Fiscal Impact Questionnaire
- Certificate of Good Standing
- Sufficient Permits
- Other fiscal and project specific forms



\*Annual Certification requires independent CPA reports to calculate tax credit amount.



## HCITC Success

- Benefit:
  - Infrastructure upgrades in rural parts of Utah
  - Keeps Utah economically connected
  - Helps create economic opportunity
- Recommendation: No changes to credit since there is continued interest/need for large-scale infrastructure projects in Utah.



# Alternative Energy Development Incentive (AEDI)

- Utah Code 79-6-5
- 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)
Amount of Credits Approved	\$494,370

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



# AEDI Approval Process

- Similar to the HCITC application process (i.e. Pre-Application → Meeting → Application → Meeting) however, there is no board meeting approval necessary.
- Forms needed for application and Annual Certification:
  - Certificate of Good Standing for the Utah Division of Corporations and Commercial Code
  - Evidence of Site Control
  - One of the following:
    - Permits from a local, state, or federal agency, not to include conditional use permits
    - A position in the generation interconnection queue that has advanced beyond the Feasibility Study
    - Proof of financing sufficient to initiate project development activities.
  - Independent CPA Report
  - Economic Life of Project (E.G. PPA, Lease, Permits, etc.)
  - Independent Auditor's Report every 4 years reviewing new state revenues



## AEDI Success

- Benefit: Diversifies Utah's energy portfolio and helps satisfy the state's "any-of-the-above" energy approach.
- Recommendation: Keep the credit, but may need modifications to be more useful/attractive.



# Well Workover and Recompletion Severance Credit (WWR)

- Utah Code 59-5-1
- Nonrefundable severance tax credit for oil and gas operators who perform well workovers or recompletions.
- Credit is 20% of eligible costs (\$30,000 max).
- Qualification is administered by the Utah Division of Oil, Gas, and Mining.
- Credit has a carryover of 3 years.

## WWR Amounts\*

Number of Credits Approved**	339
Amount in Credits	\$5,818,194
Avg Credit Amount	\$17,162

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

\*\*Only from Jan. 2021 - June. 2023



## WWR Approval Process

1. Utah Division of Oil, Gas, and Mining handles the processing of the eligible costs and issues a Form 15.
2. Applicant then fills out an application with OED wherein they are required to submit pertinent information along with the Form 15.
3. Upon approval, the applicant is sent a TC-684B form that has the credit amount listed.



## WWR Success

- Benefit: Increases production within the state and improves efficiency and safety of projects.
- Recommendation: No change unless mandated by statute.

