



INTERNATIONAL
TRADE
ADMINISTRATION

Recent Trends in U.S. Renewable Energy Policy

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**Office of Energy and Environmental
Industries**

U.S. Department of Commerce

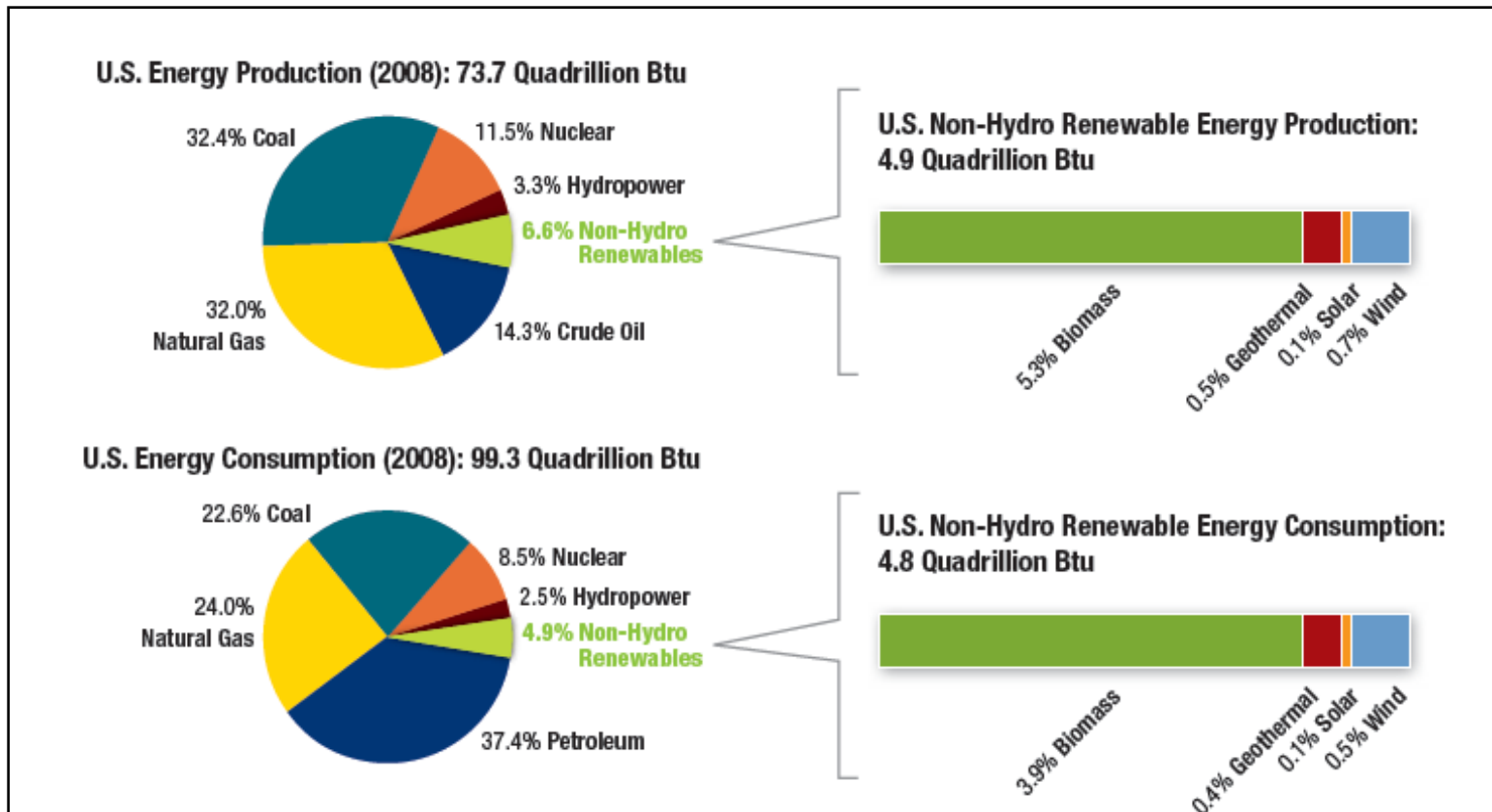
Office of Energy & Environmental Industries

- Promotes U.S. business competitiveness
- Eliminates foreign trade barriers
- Evaluates economic and regulatory impacts
- Analyzes energy-related trade policy
- Supports trade promotion activities

International Trade Administration

- Competitiveness (Manufacturing and Services)
- Promotion (U.S. Commercial Service)
- Negotiation (Market Access and Compliance)
- Anti-Dumping (Import Administration)

2008 U.S. Energy Production and Consumption



Source: DOE 2008 Renewable Energy Databook

White House Energy and Environment Agenda

- Invest \$150 billion over ten years in clean energy research and development.
- Emphasis on job growth in clean energy sectors
- Double the use of alternative energy in three years

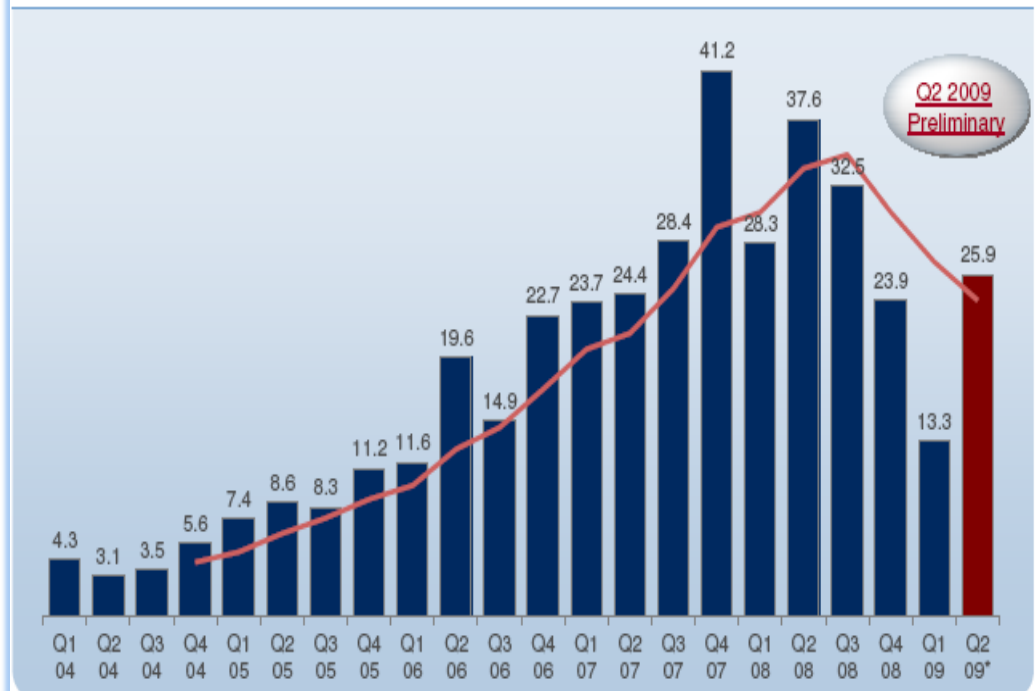


Alex Wong / Getty Images

Financial Crisis Takes Its Toll

- 2008 U.S. investment in clean energy falls by 2% compared to 2007.
- New investments in the first quarter of 2009 fell globally by 53% to \$13.3 billion compared to the same period in 2008.
- Major investors such as AIG, Lehman Brothers, and Wachovia disappear.

Global third party new investment in clean energy
Q1 2004 – Q2 2009 Provisional (\$bn)



Note: Total values include estimate for undisclosed deals. *Q2 2009 predicted figure

Source: New Energy Finance

But...

- The U.S. wind energy industry installed 4,000 MW in first half of 2009, up 72 percent from the same period in 2008.
- Clean energy venture capital investments jumped from \$836 million in Q1 2009 to \$1.2 billion in Q2 2009
- U.S. solar installations expected to grow, albeit more slowly in 2009
- World governments have spent or intend to spend \$180 billion of fiscal stimulus support for sustainable energy

American Recovery and Reinvestment Act (ARRA)

- Included \$60 billion in clean energy investments:
 - \$6 billion - loan guarantees for renewable energy and electric transmission technologies.
 - \$11 billion - smart grid
 - \$5 billion for low-income home weatherization projects
 - \$4.5 billion to green federal buildings
 - \$6.3 billion for state and local renewable energy and energy efficiency efforts.
 - \$600 million in green job training programs – \$100 million to expand line worker training programs and \$500 million for green workforce training.
 - \$2.5 billion in research and development

ARRA Tax Incentives

Extends

- Wind energy Production Tax Credit (PTC) through 2012
- Geothermal, Hydro, and Biomass PTC through 2013
- Removes cap for residential solar investment tax credit
- Bonus depreciation through 2009

Enables

- Election of the Investment Tax Credit (ITC) in lieu of PTC through 2012 or 2013
- Option of cash grant equal to ITC for projects in service in 2009 or 2010.

Creates

- 30% investment tax credit for projects that establish, re-equip, or expand manufacturing facilities for clean energy

Pending Climate and Energy Legislation

- American Clean Energy and Security Act (Waxman-Markey)
 - Passed House June 25, 2009
- American Clean Energy Leadership Act 2009 (Bingaman Bill)
 - Reported out of Committee in June 2009
 - Will be combined with separate bill from the Environment and Public Works Committee

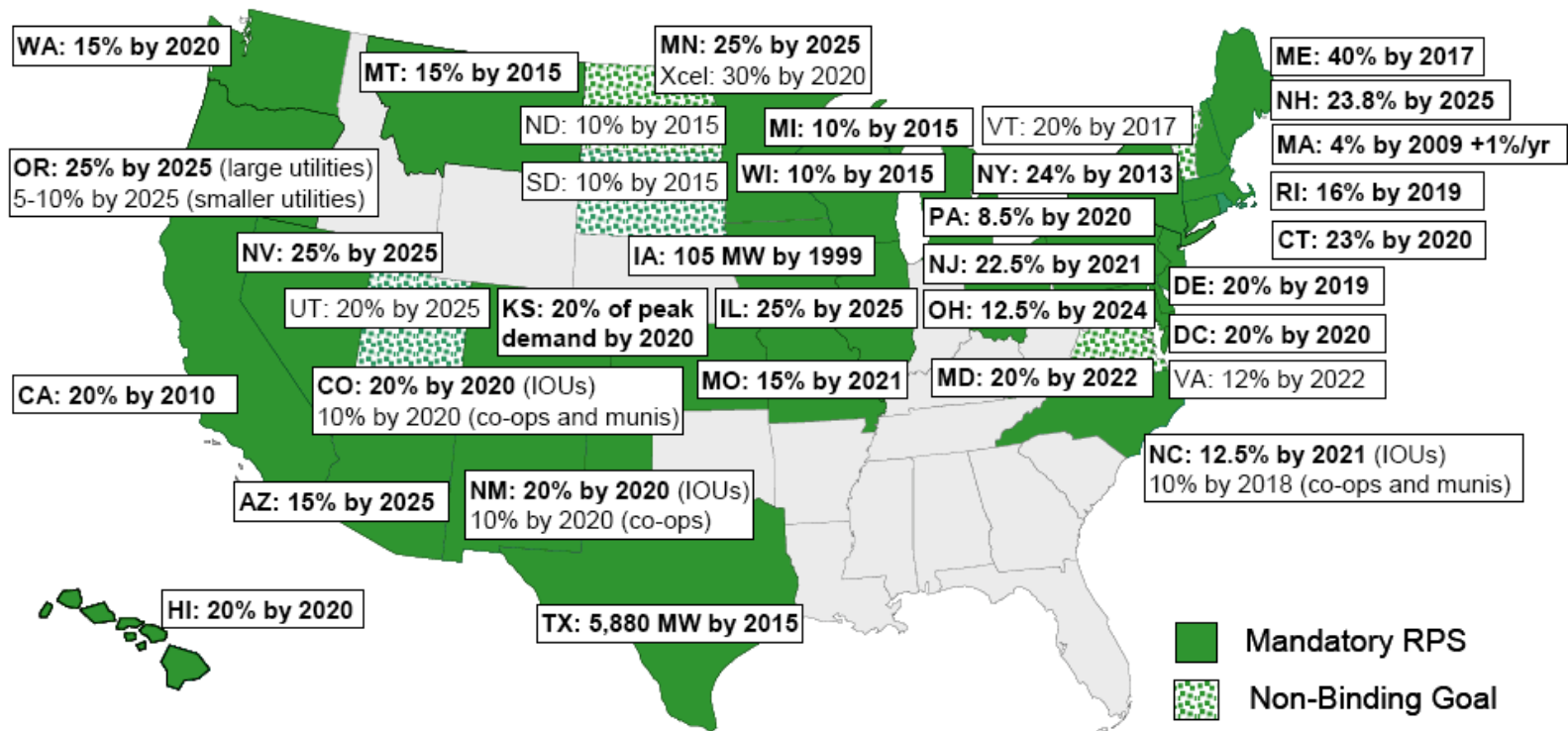


Clean Energy Deployment Agency (CEDA)

- Both Waxman-Markey and Bingaman bills create CEDA as an independent agency within DOE to “promote access to affordable financing for accelerated and widespread deployment”.
- Funds “breakthrough” technology through all stages of the commercialization continuum
- Provides various types of credit including direct loans, loan guarantees, letters of credit, risk insurance, etc.
- Intended to significantly reduce interest rates for targeted technologies



State Renewable Portfolio Standards



Source: Berkley Lab

Foreign Investment and U.S. Renewable Energy

- U.S. Market - low tariffs, equal treatment of national and foreign companies in the application of tax incentives, and strong intellectual property protection.
- Foreign companies have created thousands of U.S. RE manufacturing jobs.



Questions?



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