Iowa's "476C" Renewable Energy Tax Credit

Iowa's 476C program is a production tax credit for renewable energy that rewards actual energy production from renewable energy over a period of time. The program provides a tax credit of 1.5 cents per kilowatt-hour of energy produced by eligible wind, solar, and other renewable energy facilities.

This credit is a good fit for "community solar" projects that many Iowa utilities are using to diversify their portfolios and benefit their customers, including investor-owned utilities, rural electric cooperatives (RECs) and municipal utilities.

Successes of the program: By the end of 2017, approved 476C projects included:

- A total of 19 solar projects located across Iowa for a total of about 13.5 MW. Most of these projects were built at municipal utilities and RECs between 2014 and 2017 and were operational by the end of 2017.
- The 13.5 MW encouraged by 476C is an important share of Iowa's overall solar market, which reached about 71 MW by October 2017.
- The 1.5 MW array at Cedar Falls utilities leveraged $39,600 from the 476C tax credit to return a total of $152,000 to its 1,300 community solar subscribers in 2017.

Many more are interested in exploring solar but eligibility for this successful credit expired at the end of 2017.

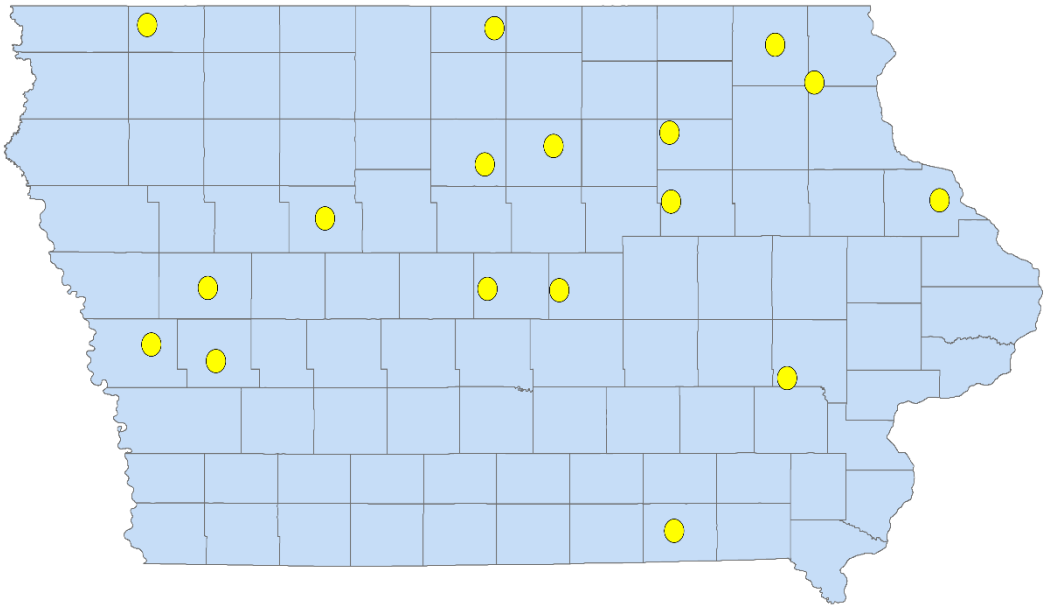
- Legislation is needed to extend, modernize, and improve 476C in 2018
- A renewed 476C program could result in a **big increase in utility-scale solar projects, support Iowa small businesses, and elevate the state as a leader in solar energy.**

The 476C program is very cost-effective for incentivizing solar projects.

- The 13.5 MW of solar projects are approved to receive the tax credit at an estimated cost to the state of $3.55M over 10 years. This state expenditure is leveraging upfront investments in solar of an estimated $34M. **This is a benefit/cost ratio of almost 10:1.**[1]

The 476C program has benefited communities across Iowa. This map shows currently-approved solar projects, most of which are now operational and benefiting communities across the state.

Extending the 476C program would allow many more communities across Iowa to benefit.



[1] *Methodology*: 476C applicants do not submit installed cost information as part of the application process. With an estimated average installed cost over the 2014-2017 period at $2.5M/MW, the 13.5 MW would equal a total investment of $33.75M. Using an average annual capacity factor of 20%, the 13.5 MW of solar would generate 23,652,000 kWh/year and qualify for $354,780 in Iowa PTCs per year, or $3.55M over 10 years, and a benefit/cost ratio of almost 10:1. If solar costs are higher, such as $3M/MW, the benefit-cost ratio increases to 11:1. If solar costs decline, such as $2M/MW, the benefit cost ratio is still almost 8:1.