

ARIES EXAMPLE (America's Renewable Incentives for Energy Sustainability)

DRAFT FOR DISCUSSION PURPOSES – Includes Electricity, Fuels and Renewable Gas

Renewable Energy Tax incentive package

- **Renewable feedstocks/resources will be defined in bill**
- **Technology neutral**
- **Permanent in the tax code**
- **10 year life of credit is from the facilities' start of operation (some exceptions)**
- **Option to take 30% ITC in lieu of PTC**
- **MMBTU amounts below are examples for discussion**

Renewable Electricity

\$4.25 per/MMBTU **example** for Renewable Electricity Production = 1.45 cents per kWh
(Electricity Btu conversion based on 3412 Btu/kWh)

- Must be sold to a third party to receive PTC
- Existing policy - estimated cost to US Treasury - \$1.3B annually, \$13B over ten years
- New proposed policy estimate - \$1B annually, \$10B over ten years

Renewable Transportation Fuels

Fuels **must** be used in transportation applications (highway, rail or aviation) – replacements or blends stocks for/with - gasoline, diesel, natural gas, ethanol, propane, JP8, hydrogen, electricity, jet fuel

\$4.25 P/MMBTU **example** = 49 cents per gallon for renewable gasoline at 115,400 BTU's per gallon

- 50% adder for 60% carbon emission reductions as defined by an EPA life-cycle analysis = 73.6 cents per gallon for renewable gasoline
- Credit will be based on BTU's produced per unit of sale – examples
 - Renewable gasoline 115,400 BTU's per gallon
 - Renewable ethanol 76,000 Btu's per gallon
 - Renewable diesel 131,750 Btu's per gallon
- First generation ethanol not eligible
- Electricity production for transportation is exclusive – cannot also use credit for Renewable electricity category
- If used in non-transportation applications – approved by EPA – can receive \$2.25 MMBTU
- Existing Policy estimated cost to US Treasury \$1.9B annually
- New proposed policy estimate - \$1B annually

Renewable Gas (85% methane or above)

\$2.25 P/MMBTU **example**

- Not for transportation fuel or electricity production – no double dipping
- Bio-gas between 40% methane and 85% methane - eligible for the 30% ITC option only