

COVID-19: New Stimulus Package Includes Sweeping Energy Reforms

Article By:

Kris J. Eimicke

Sarah B. Tracy

Congress voted Monday evening to approve a \$900 billion COVID-19 relief package. The package includes clean energy reforms designed to boost research and development, and extends and enhances renewable energy tax credits.

The legislation extends the Investment Tax Credit (ITC) for solar projects by two years, the Production Tax Credit (PTC) for wind projects and certain other technologies by one year, and creates a new 30% ITC for offshore wind projects that start construction through 2025.

Notably, the legislation delays planned phase-downs of existing wind and solar tax credits. The bill also creates a new class of technology eligible for the ITC: waste-to-energy projects, which are generally defined as properties that generate electricity solely from heat from buildings or equipment, if the primary purpose of that building or equipment is not the generation of electricity.

The chart below summarizes the changes to the ITC and PTC made by the bill.

Technology
Solar
Solar
Onshore wind

Offshore wind

Qualifying Closed-loop Biomass, Open-loop Biomass, Geothermal, Landfill Gas, MSW, Qualified Hydropower, and Marine and Hydrokinetic

Waste-to-Energy

Among other changes, the bill allows the 30% residential energy credit, known as the residential energy efficient property (REEP) credit, to apply to biomass expenditures, essentially biomass boilers and similar systems. The bill also extends the start of construction date for eligibility for carbon capture/sequestration projects to qualify for tax credits from 2023 to 2025.

The bill authorizes approximately \$35 billion for clean energy research and development programs focused on solar technology, advanced nuclear technology, geothermal, wind, energy storage, grid modernization, and carbon capture technology, including a large-scale carbon sequestration demonstration program.

The legislation phases-down the production and use of hydrofluorocarbons (HFCs), a class of greenhouse gases used in for cooling and refrigeration, by 85% over the next 15 years. According to a joint statement by House Speaker Nancy Pelosi (D-CA) and Senate Democratic Leader Chuck Schumer (D-NY) issued on December 20, 2020, the phase-out of HFCs will avoid up to 0.5 degree Celsius of global warming.

©2025 Pierce Atwood LLP. All rights reserved.

National Law Review, Volume X, Number 357

Source URL: <https://natlawreview.com/article/covid-19-new-stimulus-package-includes-sweeping-energy-reforms>