

# Vermont Legislative Council

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## MEMORANDUM

To: Representative Tony Klein  
From: Catherine Craig, Law Clerk  
Date: December 2, 2015  
Subject: DR 16-224; Solar incentives in Vermont

### Solar Incentives

These charts reflect incentives available to solar power in Vermont, including incentives administered by federal entities.

### Vermont

Name	Summary
Renewable Energy System Sales Tax Exemption	<ul style="list-style-type: none"><li>• Exemption for systems up to 500 kilowatts (kW) in capacity that generate electricity using eligible "renewable energy" resources and to solar water-heating systems.</li><li>• Available for grid-tied systems and off-grid systems.</li></ul>
Net Metering "Adders"	<ul style="list-style-type: none"><li>• Utilities must offer a bill credit to net metering customers using solar energy in addition to the credit at the retail rate.</li><li>• The additional credit amount is a per-kilowatt-hour (kWh) adder.</li><li>• For solar net metered systems of 15 kW or less, the adder is \$0.20 minus the residential rate charged by the company. For systems larger than 15 kW, the adder is \$0.19 minus that rate.</li><li>• Customers receive the adder for 10 years in addition to the credit at the retail rate, then receive the credit at the retail rate.</li></ul>

<p>Agriculture Energy Loan Program</p>	<ul style="list-style-type: none"> <li>• Provides loans to agriculture- or forest product-based companies for renewable energy and energy efficiency projects.</li> <li>• Maximum total amount is \$1,355,000.</li> <li>• Maximum loan term is 20 years.</li> </ul>
<p>Commercial Energy Loan Program</p>	<ul style="list-style-type: none"> <li>• Loans to businesses for commercial renewable energy and energy efficiency projects.</li> <li>• Maximum loan amount is \$2,000,000, and VEDA may fund up to 60% of the project.</li> <li>• Loan terms are determined on a case-by-case basis. The maximum loan term is 20 years.</li> </ul>
<p>Income Tax Credit</p>	<ul style="list-style-type: none"> <li>• Income tax credit equal to 24% of the federal investment tax credit for the Vermont portion of renewable energy investments.</li> <li>• Eligible technologies include solar.</li> <li>• <i>Note: see federal investment tax credit below.</i></li> </ul>
<p>Small Scale Renewable Energy Incentive Program</p>	<ul style="list-style-type: none"> <li>• Provides funding for new solar water heating</li> <li>• Available to single- and multi-family residences, commercial and industrial businesses, farms, schools, builders, developers, and local and state governments.</li> <li>• Only systems installed by pre-approved installers will be eligible for funding. Funding must be reserved and applications approved before expenditures are made. Once reservations are granted, applicants have six months to complete their projects and submit the final application.</li> </ul> <p><b><u>Solar Hot Water</u></b></p> <ul style="list-style-type: none"> <li>• Residential: \$0.40/kWh of annual capacity, up to \$3,000.</li> <li>• Commercial: \$0.40/kWh of annual capacity, up to \$16,500.</li> <li>• Special Category: \$0.80/kWh of annual capacity, up to \$45,000. Special category customers include municipalities, public schools, and nonprofit housing authorities.</li> </ul>
<p>Standard Offer Program</p>	<ul style="list-style-type: none"> <li>• Eligible renewable energy facilities include solar facilities up to 2.2 megawatts (MW) in capacity that are commissioned on or after September 30, 2009.</li> <li>• Capacity is increased in annual increments until the program cap of 127.5 MW is reached.</li> </ul>

	<ul style="list-style-type: none"> <li>• PSB sets the price annually through competitive bidding or avoided costs, in accordance with statutory criteria.</li> <li>• Long-term contracts are 10 to 25 years for solar.</li> </ul>
Local Option- Property Tax Exemption	<ul style="list-style-type: none"> <li>• Municipalities may offer an exemption from the municipal real and personal property taxes for certain renewable energy systems including solar.</li> <li>• Exemption generally applies to the total value of the qualifying renewable energy system and can be applied to residential, commercial, and industrial real and personal property.</li> <li>• <i>Note: Solar PV systems of 50 kW or less are currently exempt from municipal property taxes (see immediately below).</i></li> </ul>
Uniform Capacity Tax and Exemption for Solar	<ul style="list-style-type: none"> <li>• 100% property tax exemption for PV systems up to 50 kW.</li> <li>• For systems equal to and greater than 50 kW, the state assesses a uniform \$4 per kW. This applies to the equipment, not to the land..</li> <li>• <i>Note: The tax exemption and uniform assessment applies to the state education property tax.</i></li> </ul>

**Federal**

Business Energy Investment Tax Credit (IRS)	<ul style="list-style-type: none"> <li>• Available for solar investments.</li> <li>• Credit is equal to 30% of expenditures, with no maximum.</li> <li>• The credit will decrease to 10% after 12/31/16.</li> <li>• Eligible solar energy property includes equipment that uses solar energy to generate electricity, to heat or cool (or provide hot water for use in) a structure, or to provide solar process heat.</li> <li>• Passive solar systems and solar pool-heating systems are <i>not</i> eligible.</li> </ul>
Residential Renewable Energy Tax Credit (IRS)	<ul style="list-style-type: none"> <li>• 30% personal tax credit for solar installation.</li> <li>• Taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the United States that is owned and used as a residence by the taxpayer.</li> <li>• Expires 12/31/2016.</li> </ul>

