

The 30% Federal Grant Program 1603 is Coming to an End

This popular program under Section 1603 of the American Recovery and Reinvestment Act of 2009 is slated to expire on December 31, 2011. Combined with state incentives and bonus depreciation, this federal grant program enables taxpaying entities to earn a strong ROI on solar PV projects near term. Section 1603 requires that the grant applicant “begin construction” or meet the Safe Harbor by investing over 5% toward the specified energy property by year end in order to qualify for the 30% cash grant in lieu of tax credit. Thereafter, through 2016, the program reverts to a tax credit.

Physical Work

The applicant will satisfy the construction commencement requirement if “physical work of a significant nature” has started on the specified energy property. Physical work of a significant nature includes any physical work on the specified energy property either on-site or off-site, provided a written contract for the relevant products or services is entered into prior to the work taking place.

5% Safe Harbor

As an alternative to demonstrating actual physical activity, an applicant may satisfy the construction commencement condition by demonstrating that it has paid or incurred five percent or more of the total cost of the specified energy property prior to the end of 2011 (the 5% Safe Harbor). Only costs that are included in the eligible Cost Basis of the specified energy property are taken into account in determining whether the 5% Safe Harbor has been satisfied.

30% of Cost Basis

The grant is equal to 30% of the eligible Cost Basis of the solar energy project, including solar PV modules, racking, electrical components, design and engineering services, etc., and is paid by Treasury within 60 days of project completion. 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. Passive solar systems and solar pool-heating systems are not eligible.

How First Century Energy Can Help

With a thorough understanding of the 1603 rules, First Century Energy will ensure that solar projects meet the requirements for the cash grant. While time is short, we have the necessary documentation and vendor relationships in place to design and price a system and place equipment orders to meet the 5% Safe Harbor. This is part of our turnkey solution that includes project design, equipment procurement, construction and assistance in filing for all incentives including the 1603 grant upon project completion.

Importantly, we also assist clients in obtaining the 35% Georgia Clean Energy Property Tax Credit (available on a first-come, first served basis) and other available incentives. First Century Energy’s goal is to maximize ROI and long term energy cost savings for our clients.

About First Century Energy

First Century Energy Holdings, Inc. (FCE) is a holding company focused on development and integration of commercial and utility-scale renewable energy projects. FCE operates through wholly-owned subsidiaries SolAmerica™ LLC, First Century Energy Services LLC and First Century Energy LLC in key vertical segments of the renewable energy sector such as solar PV, solar hot water, wind and biomass. Within each of these sectors, FCE provides turnkey solutions for manufacturing firms, owners of industrial real estate, distribution and data centers, government, education, medical and hospitality sectors to deliver efficient, cost-effective clean energy solutions.

More information can be found at:
www.firstcenturyenergy.com