

# Roth: Congress extends tax incentives for clean energy development

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Just before the holiday break, President Obama signed the Consolidated and Further Continuing Appropriations Act into law, which – among other things – extended tax credits for wind and solar energy development for another five years.

This is critical for the renewable energy industry because this long-term extension provides certainty that will stimulate further investment in clean energy technologies.

The tax credits for clean energy development started with the Energy Policy Act of 2005 and the Energy Improvement and Extension Act of 2008. For many years, Congress only passed temporary extensions to these credits, which caused clean energy financial markets to be unstable.

Notwithstanding this volatility, there has still been significant investment in wind and solar technologies during the past decade. Since the inception of these tax incentives, the price per megawatt-hour has dropped more than 60 percent for utility-scale wind and more than 80 percent for utility-scale solar. These dramatic reductions in cost for wind and solar power are largely attributable to the increased investment in clean energy following the passage of these tax credits.

As implementation and utilization of wind and solar energy systems continues to expand, the unsubsidized price for renewable energy will continue to drop. The cost for utility-scale wind and solar is already low enough to compete with fossil fuels, and utilities are beginning to turn to renewables for energy generation. With these long-term tax incentives now in place, investment in clean technologies will continue to rise and the cost for clean energy will continue to fall.

The newfound stability and investor confidence is evidenced by the recent activity in financial markets. Now that there is a definitive term and phase-out for the clean energy tax credits, stock prices for many solar and wind companies have soared. SolarCity, the largest home solar company in the U.S., saw its share price increase by more than 30 percent after the tax credits were extended.

These tax incentives will lead to additional U.S. jobs through increased investment in, and expansion of, wind and solar energy systems. According to Bloomberg New Energy Finance, these credits will add nearly 40 gigawatts of solar and wind energy in the U.S., which is enough to power 8 million homes.

Projects to improve renewable energy infrastructure and increase capacity will employ thousands of Americans across the country. An ancillary benefit of this long-term extension is that developers will no longer be rushed to commence construction in order to qualify for the tax credits before they expire each year. This will reduce the strain on resources for the construction of wind and solar systems and, ultimately, bring down the cost to build and utilize these systems.

Finally, the tax credits will also help the U.S. meet its clean energy and emissions goals, as set forth in the Clean Power Plan and the COP21 Agreement. By using the tax system to incentivize private investment in clean energy, the government is encouraging innovation that will help the U.S. secure its energy future and remain a global leader in the development of clean energy technologies.

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