

Big Money Talks: What's New (Or Not) - Changes In Power

Written by William C. Livoti, GIW/KSB
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With another year under our belts, what has changed and what has remained the same with regard to the power-gen industry?

Let's start with what hasn't changed: We're still waiting for a national energy policy. Thanks, D.C., for dragging your feet on critical legislation that could potentially pull our country out of the economic doldrums and put millions of people back to work. We still have a number of states (15) that have yet to implement an energy policy. State governments really seem to struggle with energy.

Consider Governor Chris Christie blocking a major overhaul of New Jersey's energy industry because of concerns over how much solar power the proposal expected utilities to produce. But that's enough about inertia...

Plenty of things have changed (or could be). Ironically, it's again due to failure on the part of our government. For example, several clean-energy tax credits will expire at year's end if Congress doesn't renew them for at least one more year.

- A Treasury Department grant program for renewable energy such as solar power is set to expire, as are tax credits for the ethanol industry.
- A key production tax credit for renewable energy (especially wind power) bites the dust next year unless Congress renews it.
- For commercial solar installations, federal incentives can reduce the first year cost by up to 55%. At the end of 2011, these incentives will become less attractive.
- If a solar electric project is at least 5% complete by December 31 of this year, it is eligible for the Federal Section 1603 "Grant In Lieu of Tax Credit," a cash grant that covers 30% of the installed cost. In 2012, this grant goes away, leaving only a 30% tax credit. And the current 100% First Year Bonus Depreciation will revert to 50%.

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With high unemployment and global competition in the energy sector, failure to extend renewable energy incentives will delay (or kill) investment in critical energy projects like wind, leaving many project developers and suppliers with no choice but to lay off workers.

So what can we do to deal with the lack of response and/or concern on the part of our government? Many years ago, as a recon Marine, I was taught to improvise, adapt and overcome. I suggest that this would be a good approach for the industrial sector in 2012. Those of you who work in this arena will need all your creativity and survival skills to make it through this year. If you're real creative, you may prosper in 2012. Doing so will require change.

Speaking of change, you may have noticed from my byline and contact information that I've switched companies and roles. In my new position, I'm confident that I will be getting to practice what I preach: "Improvise, adapt and overcome." Semper Fi. **MT**

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