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Middle Class Tax Relief Act of 2010 Includes Strong Renewable Energy Tax Provisions

Washington, DC (December 17, 2010) – Statement from Karl Gawell, Executive Director of the Geothermal Energy Association on Passage of the Middle Class Tax Relief Act of 2010 with Renewable Energy Tax Provisions:

“GEA applauds Congress’ decision to extend the Section 1603 tax credit reimbursement program in the recently passed tax legislation. This extension is a substantial benefit to new geothermal power projects. Several hundred Megawatts of new geothermal power are expected to be in or near full construction in 2011, and this provision will greatly facilitate their ability to obtain the several billion dollars of capital investment needed to move them forward, create thousands of new jobs, and bring additional baseload geothermal power on-line in the US.

“Under the terms of the law as amended by the new legislation, if projects commence construction by the end of 2011 and complete construction by the end of 2013, they can obtain a cash grant from the US Treasury to defer a portion of their capital cost. In these difficult economic times, this grant program has demonstrated effectiveness in supporting investment in new geothermal and other renewable projects. However, in the future, Congress should address the need for consistent, longer-term tax policies to provide incentives for continued growth. Geothermal projects often have lead times of five years or more, and relying on short-term tax incentives will not provide the markets the stable, consistent signals needed to help geothermal companies find, develop, and bring-on line the tens of thousands of megawatts of undeveloped geothermal resources in the United States.”