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Geothermal Industry Leader Says Stimulus Bill Should Sustain Industry Growth

Washington -- Geothermal energy production in the United States has been on track to double in the next few years and the economic stimulus bill will help sustain this growth, according to industry leaders. "The provisions of the economic stimulus bill will put steam back into the engine of geothermal industry growth," noted Karl Gawell, Executive Director of the Geothermal Energy Association (GEA)

In August 2008, GEA reported that the U.S. had about 3,000 MW of geothermal electricity connected to the grid and almost 4,000 MW of new geothermal power plants under development. "But, the financial crisis has been stalling new development," Gawell notes, "financing for new projects has been difficult to obtain, and when available very expensive."

The economic stimulus bill includes a range of provisions intended to support expanded geothermal energy use, from power plants to geothermal heat pumps. Among the most important according to GEA are the bills tax credit provisions.

The stimulus bill will extend the production tax credit for new geothermal power plants through 2013, allow developers to take a 30% investment credit instead, and create a cash grant program to support projects that cannot utilize a tax credit in the current market. It also expands the Clean Renewable Energy Bond program that provides similar incentives for coops and public power agencies to build new geothermal and other renewable technology projects.

"We estimate that the geothermal power industry has doubled its workforce in the US in the past two years, and the economic stimulus bill provides a framework of support that will continue if not accelerate growth in this industry adding tens of thousands of new jobs with even greater positive effects across the economy," Gawell added.

The legislation also dramatically expands support for the Department of Energy's geothermal research, development, demonstration and deployment efforts. The Bush Administration had sought to close down these efforts, but Congress authorized a broad, new advanced geothermal research program in 2007 as part of the energy bill and has now provided the funds to carry it out. The stimulus bill sets aside \$400 million for geothermal technology research, development and deployment efforts at DOE.

"The DOE geothermal research program has been starved for years," Gawell commented. "The 2007 Advanced Geothermal Research and Development Act provides a framework for an exciting new DOE program, and the stimulus bill gives them resources needed to implement this initiative," Gawell added.

Further, the stimulus bill provides an expanded tax credits for geothermal heat pumps and supports a range of programs that by encouraging more efficient building and home energy use will also spur growth in the geothermal heat pump market, according to GEA.

“All of this adds up to making significant progress towards expanding our use of this largely untapped energy resource,” he added, “which is good news for the environment and the economy.”