

TaxNewsFlash

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Section 45: Renewable electricity, refined coal production inflation factors, reference prices (2017)

The Treasury Department and IRS today released for publication in the Federal Register a notice that provides the 2017 inflation adjustment factors and reference prices used in determining the availability of the credit for renewable electricity production and refined coal production under section 45. For calendar year 2017, the credit period for Indian coal production has expired.

Credit rates

Today's [notice](#) [PDF 166 KB] provides:

- The 2017 credit rate for wind, closed-loop biomass and geothermal facilities claiming the renewable electricity production credit is 2.4 cents per kilowatt hour (up from 2.3 cents in 2016).
- The 2017 credit rate for open-loop biomass, landfill gas facilities, trash, qualified hydropower and marine and hydrokinetic facilities is **unchanged** at 1.2 cents per kilowatt hour.
- The 2017 credit rate for refined coal production is \$6.909 per ton on the sale of refined coal.

Reference prices

- The 2017 reference price for electricity produced from wind is 4.55 cents per kilowatt hour (up from 4.5 cents in 2016).
- The reference prices for fuel used as feedstock within the meaning of section 45(c)(7)(A) (relating to refined coal production) are \$31.90 per ton for calendar year 2002 and \$51.09 per ton for calendar year 2017.

- The reference prices for facilities producing electricity from closed-loop biomass, open-loop biomass, geothermal energy, small irrigation power, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy have not been determined for calendar year 2017.

Also, the credit for electricity produced from wind and the credit for refined coal are not phased out for 2017 because the reference prices do not exceed the beginning of the phaseout threshold.

Notice 2017-33 was released by the IRS in the Internal Revenue Bulletin [2017-22](#) [PDF 109 KB] dated Tuesday, May 30, 2017.

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