



TaxNewsFlash

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Section 45: Renewable electricity, refined coal production inflation factors, reference prices (2018)

The U.S. Treasury Department and IRS today released for publication in the Federal Register a notice that provides the 2018 inflation adjustment factor and reference prices used in determining the availability of the credit for renewable electricity production and refined coal production under section 45.

Credit rates

Today's [notice](#) [PDF 165 KB] provides:

- The 2018 credit rate for wind, closed-loop biomass and geothermal facilities claiming the renewable electricity production credit is unchanged at 2.4 cents per kilowatt hour.
- The 2018 credit rate for open-loop biomass, landfill gas, trash, qualified hydropower and marine and hydrokinetic facilities is also unchanged at 1.2 cents per kilowatt hour.
- The 2018 credit for rate for refined coal production is \$7.03 per ton on the sale of refined coal (up from \$6.909 per ton for 2017).

Reference prices

- The inflation adjustment factor for 2018 for qualified energy resources and refined coal is 1.6072.
- The 2018 reference price for electricity produced from wind is 4.85 cents per kilowatt hour (up from 4.55 cents in 2017).

- The reference prices for fuel used as feed stock (relating to refined coal production) are \$31.90 per ton for calendar year 2002 and \$49.69 per ton for calendar year 2018 (down from \$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 2018.

Today's notice explains that the credit for electricity produced from wind and the credit for refined coal are not phased out for 2018 because the reference prices do not exceed the beginning of the phase-out threshold.

The adjustment factor and reference prices are also provided in Notice 2018-50 that appears in [Internal Revenue Bulletin 2018-22](#) [PDF 882 KB] (dated May 29, 2018).

For the 2017 factors and reference prices, read [TaxNewsFlash](#)

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