



## **ENERGY OPPORTUNITY ZONES ACT OF 2020**

### ***Stimulating Investments to Create Good-Paying Middle-Class Jobs***

This bill would designate an area (1) within 120 miles radius of a nuclear or coal power plant used to generate electricity that has ceased operations or, in the case of nuclear power plants, is scheduled to cease operations no later than 6 years after the enactment of the legislation or (2) that can demonstrate how changes in the nuclear or coal economy have resulted (or are anticipated to result) in job losses as an energy opportunity zone.

This designation:

- Extends the investment tax credit (ITC) along with the production tax credit (PTC) for renewable energy, like solar and wind technology. These tax credits would be conditioned to project labor agreements and Davis-Bacon requirements.
- Establishes a new tax credit for offshore wind and energy storage;

Additionally, the bill extends and strengthens the tax credit for builders of new energy efficient homes by modernizing the credit's efficiency standards and increasing the incentive for home builders to meet these standards;

- Extends the tax deduction for energy efficient commercial and multifamily buildings;
- Extends and strengthens the energy efficiency tax credit for homeowners by establishing higher goals for energy efficient home upgrades and increasing homeowners' incentives to make energy efficient upgrades;

### **The Energy Opportunity Zones Act of 2020:**

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- Under this designation, there are new and extended tax credits for renewable energy technologies in order to continue to spur investments in these regions and create good-paying middle-class jobs.



- The tax credit rate and other credit parameters depend on the type of property or technology for which the credit is being claimed.
- The legislation:
  - Extends the PTC, under Section 45 of the Internal Revenue Code, until 2050 for existing technologies like wind, closed loop biomass, open loop biomass, geothermal, landfill gas and trash, hydropower, and marine hydrokinetic energy facilities.
  - Extends the Investment Tax Credit ITC, under Section 48 of the Internal Revenue Code, until 2050 for existing technologies like solar electricity, solar illumination, micro turbines and fuel cells, solar water heating, small wind, geothermal, and combined heat and power energy.
  - Modifies and extends the energy efficiency tax credit in section 25C of the Internal Revenue Code through 2050. This provides a tax credit to homeowners that covers part of the cost of upgrades that improve the energy efficiency of their homes, such as homeowners' investments in energy efficient windows, air conditioners, furnaces, boilers, electric heat pumps, and water heaters.
  - Modifies and extends the energy efficiency tax credit in section 45L of the Internal Revenue Code through 2050. This provides a tax credit to home builders that construct new homes meeting high energy efficiency standards.
  - Extends section 179D of the Internal Revenue Code through 2050. This provides a tax deduction for energy efficient commercial and multifamily buildings.
  - Creates a new tax credit for offshore wind and energy storage by expanding the ITC to include offshore wind and energy storage systems.

Background:

- On June 21, 2016, the Pacific Gas and Electric Company (PG&E), through a Joint Proposal with key stakeholders, announced they would not proceed with a license renewal application for their two reactors at the Diablo Canyon Power Plant; and, consequently they will cease operations of their two reactors in 2024 and 2025.



- The Joint Proposal was negotiated by PG&E with key stakeholders including the International Brotherhood of Electrical Workers Local No. 1245 and the Natural Resources Defense Council. It committed to supporting a successful transition between the community and PG&E workers as the reactors are shut down.
- However, the California Public Utilities Commission rejected some of the assistance to workers included in the Joint Proposal PG&E. The powerplant currently employs 1,500 individuals with an average salary of \$157,000.
- Across the nation, U.S. nuclear capacity is [estimated to fall by 10.5 GW](#) by 2025 from the closings of twelve reactors.