

Six key energy-related provisions in the Federal Omnibus Budget Bill



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On Sunday, Dec. 27, 2020, President Donald Trump signed the [Consolidated Appropriations Act, 2021](#). Through Division Z—Energy Act of 2020, several energy-related provisions are included in this legislation. The following are highlights from the six most impactful energy-related provisions:

- 1. Renewable energy:** The legislation extends tax credits for solar with a two-year extension and extends the sunset provisions of onshore wind by one year, but failed to include tax incentives for stand-alone battery storage systems.
- 2. Building efficiencies:** The legislation encourages the use of energy and water efficiency measures in federal buildings, including the use of smart meters. The legislation also includes a directive to the Secretary of Energy to establish a rebate program to replace electric motors and transformers that are inefficient. Additionally, the legislation extends the Weatherization Assistance Program to 2025 for eligible low-income households.
- 3. Research and development (R&D) provision for renewable energy:** The legislation contains numerous provisions enhancing the research function for the Department of Energy (DOE) in the following areas: geothermal, wind and solar as well as grid integration for these technologies.
- 4. Hydroelectric incentives:** The legislation extends the incentives for hydroelectric production and efficiency authorized originally in the Energy Act of 2005 and extends those incentives through 2036.
- 5. Renewables in federal land:** The legislation imposes a goal on the Secretary of the Interior to set national goals for renewable energy on federal land with a target of 25 gigawatts of energy generation from solar, wind and geothermal technologies on such lands by 2025.
- 6. Grid modernization:** There are numerous programs authorizing the Department of Energy (DOE) to undertake measures to improve smart and reliable grid innovation. The legislation establishes an Advisory Committee for DOE to make recommendations to identify R&D needs for grid modernization technologies. Further, the DOE is directed to establish programs to authorize micro-grid systems for use in isolated rural communities.

This legislation is massive in scope and size and represents the most significant energy legislation enacted by the federal government in more than a decade. Godfrey & Kahn's Energy Strategies and Environmental Practice Groups will continue to analyze this new legislation to determine relevant opportunities for interested parties. In the interim, the Senate Committee on Natural Resources has published [a section-by-section analysis](#) of the Energy Policy Act of 2020 contained in the federal budget legislation, which provides more detailed look at these provisions.

For more information on this topic, or to learn how Godfrey & Kahn can help, contact a member of our Energy Strategies and Environmental Practice Groups.

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