



## **Lone Star Renewables: Industry Updates from the UT Renewable Energy Law Conference**

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### **Conference Highlights:**

- Akin Gump partner Andrea Lucan presented “Renewable Energy Financing Essentials,” discussing project finance as a means to fund renewable energy projects, and the various avenues and structures for financing a project (e.g., cash equity, tax equity using both partnership flip and inverted lease structures, and back and front leverage construction and term debt).
- Conference attendance confirmed that interest in renewable energy generation continues to expand into the traditional power industry, with several well-known utilities, oil and gas companies sending representatives to learn more about industry trends.

### **What message resonated most from the Renewable Energy Law Conference?**

Adoption of renewable energy technologies is on the rise, with renewable energy deal volume expected to set a record in 2020. In fact, there is a severe backlog in getting projects online and securing developers to perform the work. Wood Mackenzie expects around 15,000 MW of new and repowered wind projects to be installed nationwide in 2020, but says more than half that capacity is at risk of spillover to 2021 due to bottlenecks in logistics, labor markets and interconnection queues. Expect interconnection congestion to remain an issue in the short- to mid-term, with wind development slowing down slightly towards the end of the 2020s as siting and congestion continue to limit opportunities for viable projects.

Additionally, market data indicates that young adults of both major political parties are concerned about global warming. Many expect to see the Republican Party warm to the idea of green energy in the coming years as global warming becomes an ever-growing concern of their voter base.

### **Will the Investment Tax Credit get renewed?**

Solar industry representatives and lobbyists are still feeling slighted by the last minute deletion of an extension of the 30 percent Investment Tax Credit (ITC) from the December 2019 tax extender bill (The Consolidated Appropriations Act, 2020) considering the wind industry scored its impressive last minute production tax credit extension. Expect the solar industry to continue lobbying for an extension (and increase) in the ITC throughout 2020, although insiders anticipate that progress in this election year may be difficult.

### **What is the latest news on battery storage technology?**

Battery storage technology continues to see decreases in costs and increases in efficiency and longevity. As renewables continue to gain traction nationwide, utility scale battery storage technology is expected to skyrocket from 1,000 MW in nationwide capacity in 2019 to over 4,000 MW in nationwide capacity by 2023.

California will continue to lead the country in storage capacity for the foreseeable future, but New York, Florida and Massachusetts all have significant storage projects planned or already underway.

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