



Chapter 2

Competition for New Energy Projects— Incentives Offered by Various States

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§ 2.01. Introduction.

The continued call for energy independence in the United States in the face of increasing demands for energy is causing significant new interest in the development of energy projects. Adding to the complexity of this effort is the potential for new global climate change programs that will encourage the reduction of greenhouse gas emissions and thereby redefine the next generation of energy projects. Understanding these developments requires familiarity with the forces driving new energy projects as well as the types of new electric power generation alternatives that are being considered. In addition, it is important to understand the competition that exists among the states for these projects and the incentives that are being offered by states seeking to attract such projects. These incentives include not only financial incentives and tax credits, but also the cost recovery, regulatory waivers, and limitations on liability. Existing incentives are just the start. Much more will need to be done at the state and federal level to create the regulatory and financial climate within which new energy projects can be successfully developed.

§ 2.02. The Changing Landscape of Electric Power Generation.

Currently, 80 percent of world energy demands are for fossil fuels. The mix is as follows:

Coal	25%
Natural gas	21%
Petroleum	34%
Nuclear	6.5%
Hydro	2.2%
Biomass / Waste	11%
Renewables	0.4% ¹

¹ “The Future of Coal—Options for a Carbon-Constrained World,” *Massachusetts Institute of Technology*, 2007, p. ix, <http://web.mit.edu/coal/>.