Inflation Reduction Act

Elizabeth McKenna
Special Assistant for Policy and Projects
Elizabeth_McKenna@Shaheen.Senate.Gov
603-657-4485

Topics We'll Cover

What's in IRA?

Extension and Modification of Energy Credits

Clean Energy and Efficiency Incentives for Individuals

Incentives for Clean Electricity and Clean Transportation

Rural Development and Agriculture Credit

Banking, Housing & Urban Affairs

Residential Efficiency and Electrification Rebates

Building Efficiency

Electric Transmission

Air Pollution

The Inflation Reduction Act extends and enhances tax credits for renewable energy, energy efficiency and renewable transportation fuels. Tax incentives for clean electricity and clean transportation transition to technology neutral incentives in the next few years.

IRA ENERGY PROVISIONS

Extension and Modification of Energy Credits

PRODUCTION TAX CREDIT (PTC) & INVESMENT TAX CREDIT (ITC)

Extends the PTC and ITC for most renewables through 2024. Bonus credits available for prevailing wages, domestic content requirements & located in energy communities. Also extends option to claim ITC in lieu of PTC.

ENVIRONMENTAL JUSTICE SOLAR & WIND

Increase in energy credit for solar and wind facilities placed in service in connection with low-income communities.

Clean Energy & Efficiency Incentives for Individuals

ENERGY EFFICIENT HOME IMPROVEMENT CREDIT

Formerly nonbusiness energy property credit, this provision extends the credit through 2032 and increases the credit to 30%.

RESIDENTIAL CLEAN ENERGY CREDIT

This provision extends the credit through 2034 and restores the credit to 30%. In addition to solar products, qualified battery storage technology is added.

Incentives For Clean Electricity And Clean Transportation

CLEAN ELECTRICITY PRODUCTION CREDIT

Creates a new production tax credit for sale of qualified domestically produced electricity with GHG emissions not greater than zero; credit amounts depend in some cases on meeting prevailing wage or apprenticeship requirements, domestic content requirements, or being located in an "energy community"

CLEAN ELECTRICTIY INVESTMENT CREDIT

Creates a new technology-neutral investment tax credit for qualifying zero-emissions electricity generation facilities or energy storage technology, with credit rates determined by paying prevailing wage and meeting apprenticeship or domestic content requirements, or in an energy community; allows for an allocation for environmental justice solar and wind capacity credits in a low-income community or on Indian land

Clean Vehicle Tax Credit

CLEAN VEHICLE CREDIT

CREDIT FOR PREVIOUSLY-OWNED CLEAN VEHICLES

QUALIFIED COMMERCIAL CLEAN VEHICLES

ALTERNATIVE FUEL REFUELING PROPERTY CREDIT

The IRS has released FAQ about these provisions. Including information about when the new tax credit begins and an updated list about manufactures that are made in America.

RURAL DEVELOPMENT & AGRICULTURE CREDIT

ADDITIONAL FUNDING FOR ELECTRIC LOANS FOR RENEWABLE ENERGY

$1 billion for direct loans.

RURAL ENERGY FOR AMERICA (REAP)

Provides funding to USDA to support the Rural Energy for America Program (REAP), which provides grants for energy efficiency and renewable energy projects ($1.7 billion); provides funding for grants and loans for underutilized renewable energy technologies and technical assistance with REAP applications ($304 million)

USDA ASSISTANCE FOR RURAL ELECTRIC COOPERATIVES

Provides $9.7 billion to USDA to offer financial assistance (e.g., loans) to eligible entities for the long-term resiliency, reliability, and affordability of rural electric systems through the purchase of renewable energy, renewable energy systems, zero-emission systems, carbon capture and storage systems, and more

BANKING, HOUSING & URBAN AFFAIRS

DEFENSE PRODUCTION ACT

Provides funding to carry out activities under the Defense Production Act of 1950 (DPA); on March 31, 2022, and June 6, 2022, President Biden invoked the DPA to accelerate domestic production of clean energy technologies, including large-capacity batteries, solar panel components, and heat pumps, among others

IMPROVING ENERGY EFFICIENCY OR WATER EFFICIENCY OR CLIMATE RESILIENCE OF AFFORDABLE HOUSING

Provides funding to the Department of Housing and Urban Development (HUD) for loans, loan modifications, and grants to finance projects in existing HUD-funded multifamily housing developments that improve energy or water efficiency, enhance indoor air quality or sustainability, implement the use of zero-emission electricity generation, low-emission building materials or processes, energy storage, or building electrification strategies, or address climate resilience; provides direct loan authority not to exceed $4 billion

Residential Efficiency and Electronification Rebates

HOME ENERGY PERFORMANCE-BASED, WHOLE-HOUSE REBATES (HOMES)

Provides funding to DOE for state energy offices ($4.3 billion) to develop and implement a rebate program to homeowners and aggregators for whole-house energy saving retrofits

HIGH-EFFICIENCY ELECTRIC HOME REBATE PROGRAM

Provides $4.5 billion to DOE for state energy office in direct rebates—discount deducted during purchase—beginning in 2023 for low- and moderate-income consumers who install new, efficient electric appliances.

STATE-BASED HOME ENERGY EFFICIENCY CONTRACTOR TRAINING GRANTS

Provides funding to DOE for states to establish programs providing training and education to contractors who install home energy efficiency and electrification improvements

ASSISTANCE FOR LATEST AND ZERO BUILDING ENERGY CODE ADOPTION

Provides funding to DOE for grants to state and local governments (1) to adopt the latest residential or commercial building energy codes and implement a plan to achieve full compliance with codes ($330 million), and (2) to adopt residential or commercial building energy codes that meet or exceed the zero energy provisions of the 2021 International Energy Conservation Code or equivalent stretch code and implement a plan to achieve full compliance with codes ($670 million)

Electric Transmission

TRANSMISSION FACILITY FINANCING

Creates a new direct loan program for development of certain transmission projects located in a National Interest Electric Transmission Corridor (NIETC), as designated by DOE; NIETCs are to promote goals such as energy security or use of intermittent energy sources such as wind and solar.

GRANTS TO FACILITATE THE SITING OF INTERSTATE ELECTRICITY TRANSMISSION LINES

Creates a new DOE grant program generally for state and local governments aimed at facilitating the siting of certain onshore and offshore transmission lines, to cover project studies, host negotiations, participate in federal and state regulatory proceedings, and promote economic development in affected communities.

INTERREGIONAL AND OFFSHORE WIND ELECTRICITY TRANSMISSION PLANNING, MODELING, AND ANALYSIS

Provides new funding to DOE for interregional and offshore wind electricity transmission planning, modeling, and analysis, and stakeholder convening; may include planning for the effects of weather changes due to climate change on the reliability and resilience of the electric grid.

Air Pollution

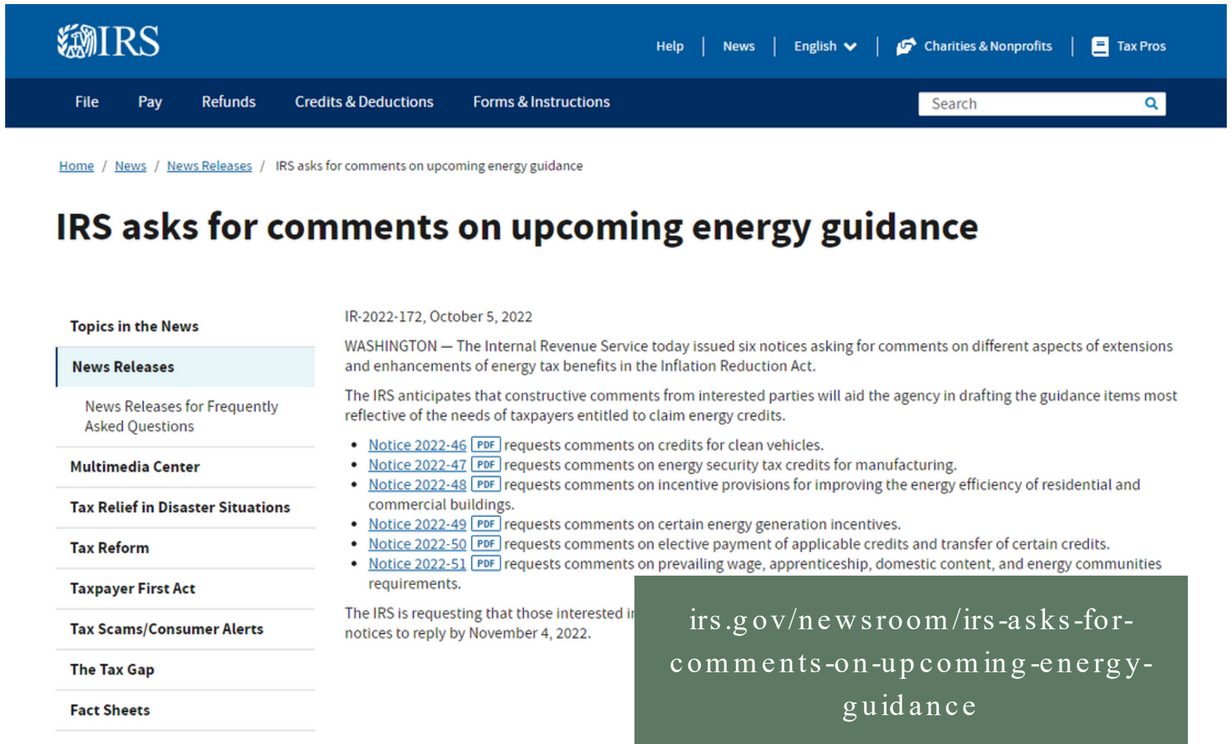
GREENHOUSE GAS REDUCTION

This section provides $27 billion in funding to EPA to help leverage private investments in projects that combat climate change. Over 40% of these investments will go to low-income and disadvantaged communities, who often struggle to find financing for clean energy projects that reduce greenhouse gas emissions. These funds are available until September 30, 2024. Funding is not technology specific. $30 million is designated for administrative costs.

DIESEL EMISSIONS REDUCTION

This section provides $60 million in funding to EPA to address diesel emissions through the Diesel Emissions Reduction Act (DERA) program. This money can be used for grants, rebates, and loans to identify and reduce diesel emissions resulting from goods movement facilities and vehicles servicing such facilities in low-income and disadvantaged communities to address the health impacts of these emissions in these communities. Of amounts made available in this section, 2 percent is reserved for administrative costs.

Cleanenergy.gov



irs.gov/newsroom/irs-asks-for-comments-on-upcoming-energy-guidance

Additional Resources

Clean Energy White House Website is helpful for residential consumers.

IRS Seeking public comments on energy guidance. Deadline to submit guidance is November 4.

Additionally, IRS.gov has shared FAQ's specifically for Clean Vehicle Tax Credit.

IIJA- Build.gov

Shaheen Resource Document Coming soon!