



The Inflation Reduction Act (IRA)

– Incentives for Manufacturing, Non-Profits,
Municipalities & Individuals

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The Inflation Reduction Act (IRA)

- **Tax Credits** For Clean Electricity, Transportation, Buildings, Fuels and Manufacturing, and making credits more useable for businesses, non-profits and governments.
- **Workforce and labor** provisions which require companies to pay prevailing wages and offer apprenticeship opportunities to receive full benefits, as well as incentives to use a domestic supply chain.
- Expansion of the **loan products** including \$250B in authority to the DOE Loan Program Office, \$18B to the Tribal Energy Loan Guarantee Program, as well as billions for rural electric co-ops buying clean energy, affordable housing energy efficiency, and electric transmission.
- **Environmental justice** provisions to stimulate investments in disadvantaged communities, including EPA's \$27B Greenhouse Gas Reduction Fund, \$8B in grants for disadvantaged, tribal and rural communities to reduce pollution, and bonus tax credits (or set asides) for disadvantaged communities or communities transitioning from a fossil fuel economy.

What credits are in IRA?

IRA offers tax credits over next decade to help individuals/businesses switch to clean technologies. **Some available now & some in 2025.**

- **Clean Energy Production & Manufacturing:** \$161 billion to bolster clean energy production and reduce power-sector emissions. Includes nuclear, hydrogen, and carbon capture.
 - \$50 billion for domestically-manufactured clean energy equipment.
- **Buildings:** \$37 billion for the construction/renovation of homes to improve energy efficiency and lower energy bills.
- **Transportation:** \$14 billion to lower cost of clean vehicles for consumers and provide them with charging infrastructure.
- **Workforce Development:** Bonuses for companies that use domestic manufacturing, pay prevailing wages, and provide apprenticeships.

Clean Electricity

Clean electricity incentives provide a decade or more of credits for industry, ending years of “on-again-off-again” policy.

- **Technology-neutral clean electricity Production Tax Credits (PTCs) and Investment Tax Credits (ITCs)**
 - All zero-emitting technologies qualify, including renewables, new nuclear, and energy storage
 - Includes bonuses for energy communities, domestic content, and wind and solar benefiting low-income communities
- PTC for existing nuclear through 2032
- Carbon capture, storage & utilization credits extended & expanded
- New provisions allow a wider variety of investors, including non-profits and public power, to benefit from clean electricity tax incentives
- DOE allocated **\$2 billion** to make direct loans to transmission facilities
- **\$9.7 billion** for USDA Rural Utility Service program to provide financial assistance for rural co-ops to transition to clean electricity
- **\$6 billion** “Solar For All” EPA grant program to help non-profits, and state and local governments expand the number of low-income and disadvantaged communities primed for residential solar investment.

Manufacturing

- Incentives promoting clean energy manufacturing:
 - Advanced energy manufacturing credit (45X) provides *per unit* tax credits for making solar, wind, battery components and critical minerals
 - Advanced energy project investment credit (48C) offers \$10 billion in tax credits to build or retrofit facilities that produce clean energy products such as critical minerals
 - \$2 billion for DOE grants to retrofit automaking facilities
 - \$500 million for Defense Production Act to boost domestic manufacturing of heat pumps and critical minerals
 - DOE Loan Program Office to provide loans for manufacturing, recycling, and other clean energy projects
 - \$6 billion Advanced Industrial Facilities Program, which would deploy clean technologies like hydrogen or carbon capture at places like cement plants and steel mills.
 - \$5 billion across the government at places like GSA and the Department of Transportation to start the process of purchasing cleaner construction materials.

Buildings

- **Expanded tax credits for:**
 - New homes (**\$5,000** for Zero Energy Ready)
 - Commercial buildings (Up to **\$5/square foot**, includes tax-exempt buildings and Real Estate Investment Trusts)
- **\$1 billion** for state and local building code adoption/implementation
- **\$250 million** for General Services Administration (GSA) Federal Building Investments
 - Funding to convert GSA-owned or managed buildings to high performance green buildings.
- **\$837 million** for U.S. Department of Housing & Urban Development (HUD) Efficiency or Climate Resilience
 - Funding for HUD to improve energy or water efficiency, indoor air quality or sustainability of eligible properties.
 - An additional \$42.5 million for energy & water benchmarking of HUD properties.

Transportation

- IRA provides consumers up to **\$7,500** to buy new EV (subject to Made In America & other rules) & 30% off charging equipment up to \$1,000
 - IRA marks **first time** consumers have been offered an incentive for used electric vehicles: **up to \$4,000**
 - Switching to an EV can save approximately **\$11,000 in fuel costs over the lifetime of the vehicle, more than \$700 per year**
- IRA provides companies **\$5 billion** worth of investments to **revitalize American automotive manufacturing** facilities
 - **\$3 billion** for LPO's Advanced Technology Vehicle Manufacturing
 - **\$2 billion** for Domestic Manufacturing Conversion grants
- **\$3 billion** for U.S. Postal Service to purchase zero-emission vehicles
- **\$3 billion** for zero-emission equipment to reduce air pollution at Ports
- **\$1 billion** for Clean Heavy-Duty Vehicles, such as buses (EPA)
- **\$5 billion** for installation of nationwide charging network
- **\$2 billion** for grants to convert auto manufacturing facilities to EVs

Clean Fuels

- **Extension of tax credits through 2024**
 - Biodiesel, renewable diesel, and alternative fuels
 - Second generation biofuels
- **Sustainable Aviation Fuel Tax Credit through 2025**
 - Emissions-based credit, starting with 50% GHG reduction
- **Clean Fuels Production Tax Credit through 2025/2027**
 - Technology neutral incentive based on well-to-wheel lifecycle GHG emissions
- **Clean Hydrogen Production Tax Credit**
 - Emissions-based credit for facilities constructed before 2033
 - Option for investment tax credit

Industry Carbon Management

Provides incentives for **Carbon Capture, Utilization, and Sequestration (CCUS)**, which will help U.S. reduce emissions from heavy industry and meet 2050 emissions goals. Provisions include:

- Expansion of 45Q tax credit for CCUS (electric power and industrial) and Direct Air Capture (DAC)
- **Credit values depend on prevailing wage and apprenticeship requirements, and vary based on:**
 - CCUS vs. DAC
 - Carbon storage methods and uses (geological storage vs. enhanced oil recovery or other use of captured carbon)

Provides incentives to remove industrial pollution, including:

- A **\$6 billion** Advanced Industrial Facilities Program to deploy clean technologies
- **\$5 billion** across the government to start the process of purchasing cleaner construction materials

DOE Loan Programs Office Expansion

- **New \$250 billion loan authority for Energy Infrastructure Reinvestment program**
 - For projects that retool, repower, repurpose, or replace energy infrastructure that has already retired
 - And for operating energy infrastructure to avoid, reduce, sequester, or use air pollution or GHG emissions
- **Expansion of LPO's existing loan programs:**
 - Triples loan authority for innovative energy technologies (\$40 billion)
 - Eliminates cap on loan authority for clean vehicle manufacturing
 - Provides 10x increase in loan authority for Tribal energy programs (\$20 billion)
- **Appropriates total of \$11.7 billion to LPO to issue new loans**



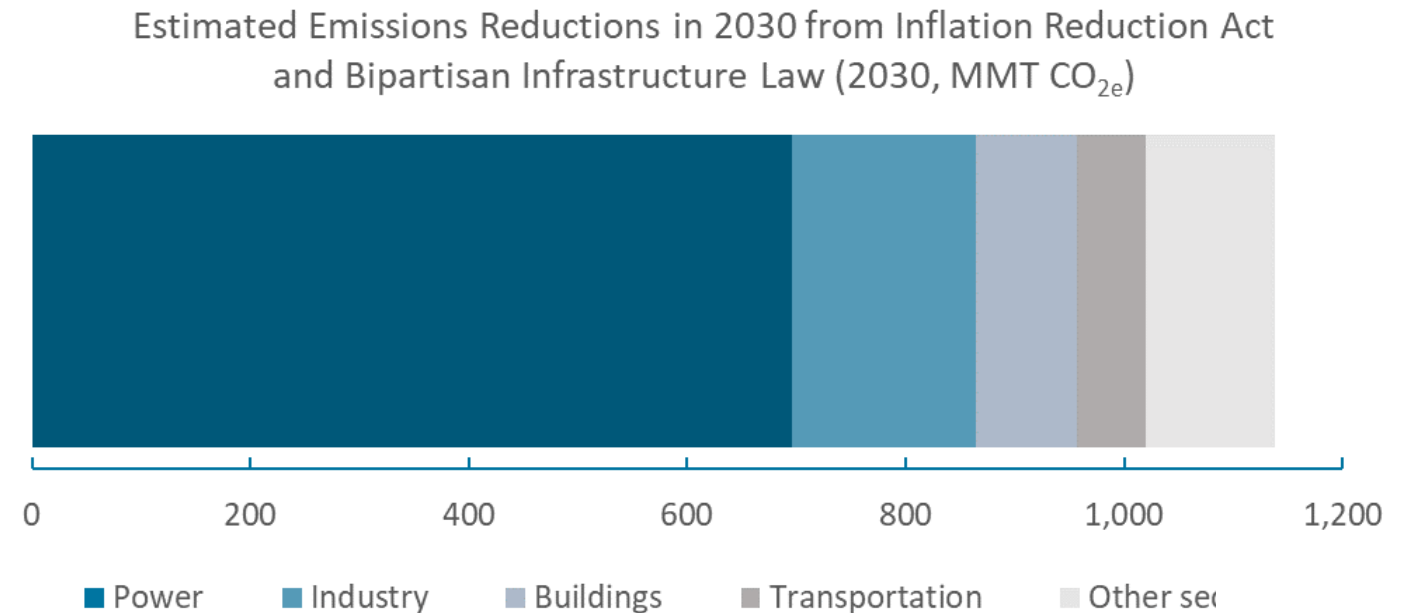
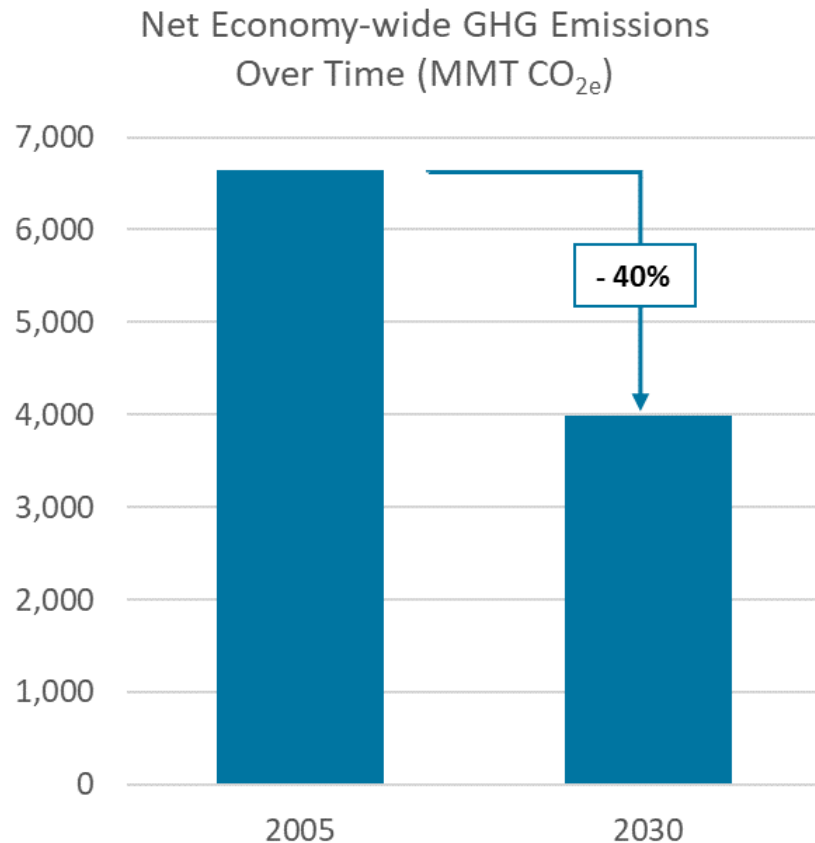
Timeline/Process

Treasury and the White House have coordinated a schedule of guidance releases to provide consumers and industry guidance

- Many credits need substantive guidance that legally requires a notice and comment period
 - Almost ALL credits have had notices released and comments submitted
- DOE and Treasury continue to utilize comments and stakeholder feedback in designing guidance in a useful way for taxpayers
- Common steps
 - Request for comments (most of these notices issued in 2022)
 - Initial guidance
 - Notice for proposed rulemaking/regulations, followed by comment period
 - Final regulations / rule

Impact of IRA

IRA and BIL's ~40% GHG pollution reduction helps position U.S. to reach overall climate goals



[The Inflation Reduction Act Drives Significant Emissions Reductions and Positions America to Reach Our Climate Goals | Department of Energy](#)