

LWV Presentation Text

Slide 1 Cover:

Slide 2 IRA Components: The IRA is a huge bill and covering all of it is not going to happen in 8-10 minutes, or even 8-10 hours. I am focused on just one aspect of it, the Clean Energy component, but reducing health care costs and raising the money to pay for the bill while reducing the deficit through tax reform is also very important.

Slide 3 Federal Tax Credits: One of the biggest incentives in the IRA is extending and increasing the Federal Tax Credit, also known as the Investment Tax Credit or ITC, to 30% for the next decade. This will apply to all solar PV and other clean energy projects installed on area homes and businesses. It allows local clean energy installers to have certainty that the 30% incentive is in place so their investments in equipment and manpower is assured.

Slide 4 Direct Pay: Direct Pay is another big change. For years nonprofits, tribes, and municipalities have been disadvantaged because they couldn't use the Federal 30% ITC. Now the playing field is leveled. In lieu of a credit, they will get a direct payment equal to the tax credit, or 30% of the eligible project cost. Direct Pay will start in 2023 and if certain requirements are met, could be increased to 40, 50, or even 60%. For example, clean energy for the Bayfield County housing project, if it qualifies for low-income, could be 50%. How exactly this will work is still being developed.

Slide 5 EV Charging: EV Charging infrastructure will be eligible for the 30% tax credit starting in 2023. A good example of local impact is the Ashland Ford dealer who reached out us to explore the possibility of installing an EV fast charger. With the new IRA law, they could use the 30% tax credit and depreciate the expense to cover about 50% of the cost. In addition, the Bipartisan Infrastructure Law, passed last November, could pay for up to 80% of an EV fast charger. That pot of money will be administered through the WI DOT as is part of the WI Electric Vehicle Infrastructure Plan. It comes with specific preferred routes and requirements and will be competitive. Applications will likely start in 2023.

Slide 6 USDA REAP: The USDA Rural Energy for America Program (REAP) will increase grant funding from 25% to 50% of a project's cost. This is another big

win for local area businesses. Besides getting 50% of the project paid for, they can also use the 30% tax credit and depreciate the expense, covering 80-90% of a clean energy project. No business with exposure to the sun should miss out on this opportunity. This is huge for local business and clean energy!

Slide 7 Battery Storage: Prior to the IRA, battery storage was eligible for the tax credit with many restrictions and not as a stand-alone project. That has changed with the IRA. Stand-alone projects are now eligible and most of the restrictions have been removed. Battery storage is an important part of making energy generated from solar PV available when the sun isn't shining, and can assist the grid by reducing peak demand. Some utilities, like Xcel, already have programs in place that reward customers for peak shaving. Bayfield County's new jail/courthouse microgrid is an example of that.

Slide 8 Residential Clean Energy Property: Soon the 30% tax credit will apply to a multitude of clean energy equipment for households. Things like heat pumps, heat pump hot water heaters, biomass stoves and boilers, and electrical upgrades needed to install clean energy projects will be eligible.

Slide 9 WI OEI: In addition to the tax credit, the WI OEI will develop programs with rebates for home energy efficiency and electrification projects. This coupled with the tax credits mentioned on the last slide will pay for a large portion of household clean energy projects. The programs will be income based with rebate percentages and caps. The details are still being developed and will be announced for 2023.

Slide 10 Geothermal: Geothermal (also known as ground-sourced heat pumps) is also included in the 30% tax credit and Direct Pay program. This will allow all homes, businesses, municipalities, nonprofits, and tribes to get at least 30% of a geothermal project paid for. Replacing natural gas used for heating will be the next big challenge in reaching carbon reduction goals. This is a welcome start as the industry matures with improved technology. Ground-sourced heat pumps and air-sourced heat pumps are part of the "electrification of everything" that will be necessary to wean us off fossil fuels.

Slide 11 Electric Vehicles: In addition to EV charging infrastructure, the cars themselves have new expanded and extended tax credits. Even used EVs will be eligible for a tax credit. This will help accelerate the EV transition but does come

with a few challenges for the auto industry. The \$7,500 tax credit will be divided into two separate credits:

\$3,750 credit for electric vehicles with batteries produced in North America.

\$3,750 credit for electric vehicles using a certain percentage of critical battery minerals extracted or processed in the U.S.

Vehicles meeting only one requirement will only be eligible for a \$3,750 credit.

Slide 12 Thank You: I encourage you to visit our website cheqbayrenewables.org and find the initiative button labeled IRA. Here you will find all this information and much more. There are links to many summaries of the ACT as well as the actual text. CBR will continue to update the page as more information becomes available so visit the site often. We can also be reached through the contact form on our website or the email address cheqbayrenewables@gmail.com. Thank you.