



*The Inflation Reduction Act:
Expanding Incentives for Clean Energy*



HISTORIC LEGISLATION TO ADVANCE AMERICA'S CLEAN ENERGY GENERATION, MANUFACTURING + ADOPTION

When the Inflation Reduction Act passed the Senate on August 12, 2022, it significantly expanded clean energy tax credits. This includes a multi-year extension of existing tax credits for wind and solar, tax credits for current and emerging technologies such as energy storage, and a new credit to incentivize the manufacture of certain components required to produce solar and wind energy and storage facilities in the United States.

Solential Energy is pleased by this unprecedented support of America's clean energy industry. However, the Act is lengthy and complex. We are working to discern the full impact so we can appropriately and accurately advise our customers.

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INITIAL TAKEAWAYS

- The most advantageous component of the Inflation Reduction Act for municipalities, states, and non-profits is a new direct payment subsidy from the U.S. Treasury in an amount equal to 30% of the qualified costs of renewable energy projects, including solar, wind, biogas, combined heat/power CHP, and geothermal, among others.
- The Investment and Production Tax Credits are subject to qualifying provisions such as wage requirements, evidence of apprenticeship programs, timing, and on-going compliance monitoring.
- The Investment and Production Tax Credits include opportunities for enhancements. For example, an additional 10% credit is available for meeting domestic material content requirements, low-income communities or qualifying energy communities.
- Energy storage is eligible as a stand-alone project and is not required to be coupled with solar or wind to qualify.
- Tax-exempt entities can now elect to receive credits directly as a cash refund or transfer them to other taxpayers when specific requirements are met.
- Taxable for-profit entities can sell applicable credits to a third party and monetized accordingly.

WHAT THIS MEANS FOR YOU

The full impact of the Act is yet to be determined. It's safe to say these incentives will enable wider adoption of solar energy generation and energy storage technologies. The best, most practical approach is to conduct due diligence on your short- and long-term energy goals, and determine the best path forward with the help of a trusted consultant such as Solential Energy. We welcome the opportunity to assist you.

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