



Renewable Energy Credits and Incentives



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Barry Devine, MBA

Barry has spent more than 18 years advising clients on specialty tax credits and incentives. He has extensive experience with building credits and incentives practices and his roles have included project management, developing project processes and deliverables, software development and business development activities.

Barry holds a bachelor's degree from Loyola University New Orleans in psychology and marketing and an MBA in operations management/project management from Regis University in Denver, CO.

Fun Fact: Outside of work Barry spends his time enjoying the Colorado Mountains: Skiing, hiking, fishing and spending time with his wife and two kids.



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Phil Williams, JD

Phil is a partner at Tri-Merit and also serves the role of Chief Operating Officer.

Phil joined Tri-Merit in 2012 and has worn multiple hats over the years working directly with our project teams in each of our service lines, and has also overseen all federal and state audits for clients since that time.


Phil received a Bachelors degree in Mechanical Engineering – 2001 JD in Intellectual Property Law – 2004



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Housekeeping

Additional Information

Learning Objective To provide attendees with an overview of endowments.	Instructional Delivery Methods Group Internet-based
Recommended CPE 1 CPE Credit	Recommended Fields of Study Specialized Knowledge
Prerequisites None required	Advance Preparation None
Program Level Basic	Course Registration Requirements None
Refund Policy No fee is required to participate in this session.	Cancellation Policy In the event that the presentation is cancelled or rescheduled, participants will be contacted immediately with details.
Complaint Resolution Policy GRF CPAs & Advisors is committed to our participants' 100% satisfaction and will make every reasonable effort to resolve complaints as quickly as possible. Please contact kdavis@grfcpa.com with any concerns.	
Disclaimer This webinar is not intended as, and should not be taken as, financial, tax, accounting, legal, consulting or any other type of advice. Readers and users of this webinar information are advised not to act upon this information without seeking the service of a professional accountant.	

GRF CPAs & Advisors



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Powerful
Solutions**

**Audit & Advisory Firm Headquartered in Washington, DC Metro Region,
servicing clients across the United States and worldwide**

GRF Solutions



CPAs & ADVISORS

Polling Question #1

Are you still listening?

A. *Yes*

B. *No*

WHO IS TRI-MERIT?

Mission and Message

Established in 2007, Tri-Merit is comprised of Engineers, CPAs and Attorneys.

MISSION:

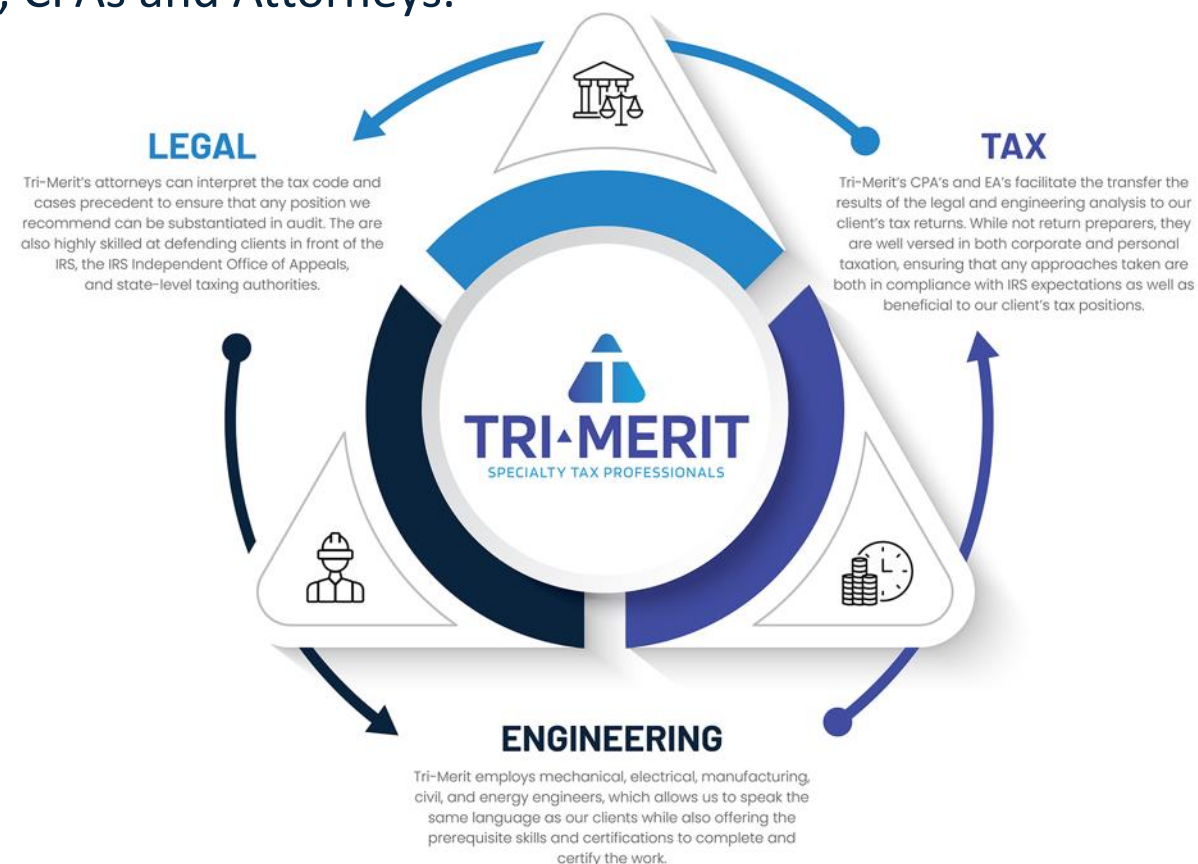
To make the specialty tax world better by providing specialty tax services the right way

WE DO THIS WITH THREE ITEMS AT OUR CORE:

- Technical Expertise
- Industry Knowledge
- Integrity to do the right thing

MESSAGE:

We are an educator for the marketplace.



Service Offerings



Research & Development

§ 41 Research & Development Tax Credit Services
§ 174 Research & Experimentation Amortization Services



Advanced Manufacturing

Advanced Energy Project Credit (§ 48C)
Advanced Manufacturing Production Credit (§ 45X)



Renewable Energy Incentives

Production Tax Credit for Electricity from Renewables (§ 45, pre-2025)
Investment Tax Credit for Energy Property (§ 48, pre-2025)



Commercial Energy

Energy Efficient Commercial Buildings Deduction (§ 179D)
New Energy Efficient Homes Credit (§ 45L)

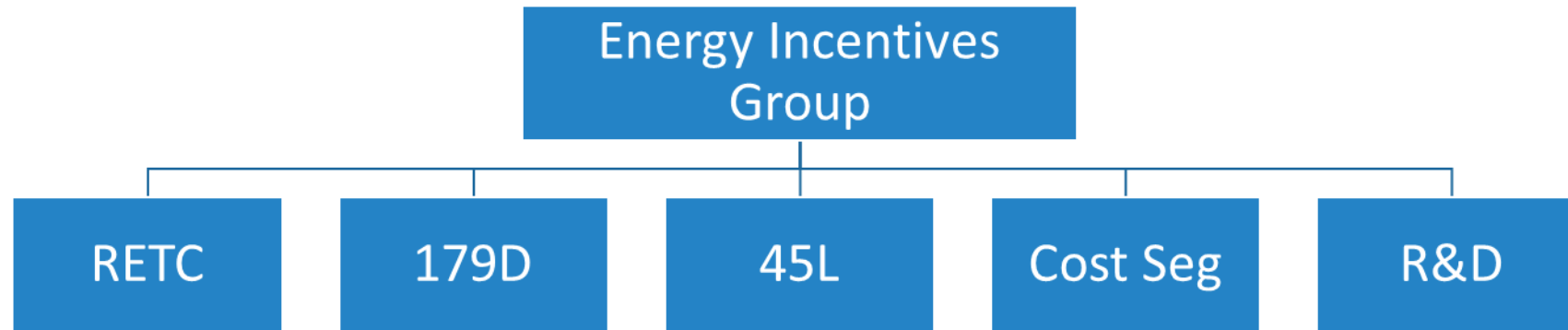


Cost Segregation

Tax deferral strategy that identifies assets within a building that can be depreciated over a shorter period than the standard method.

WHO IS TRI-MERIT?

Specialty Tax Consulting Structure



48/45/48C/45X

Credit Monetization
Services

Elective Pay

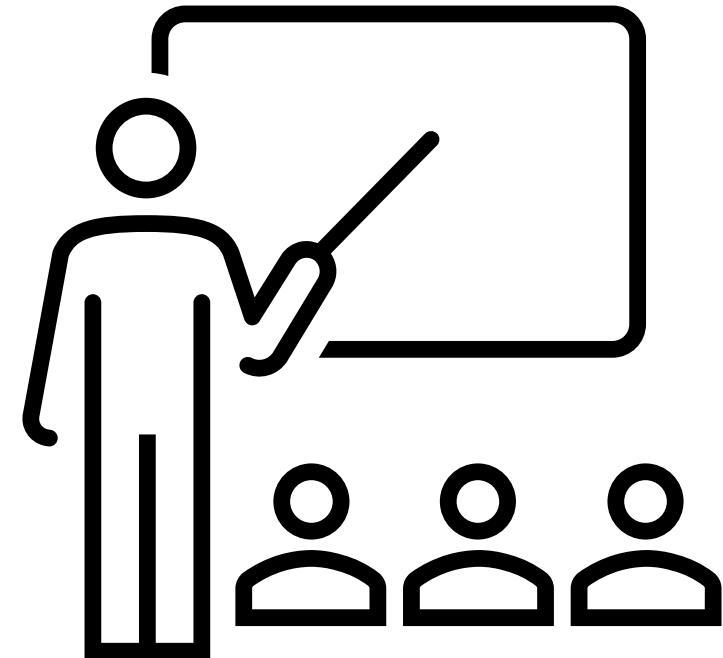
Transferability



AGENDA

Learning Objectives

- Overview Inflation Reduction Act
 - Financial and Economic Impacts
 - Funding Opportunities
- Renewable Energy Tax Credits
 - Prevailing Wage and Apprenticeship
 - PTCs / ITCs and Bonus Credits
- Credit Monetization Overview
 - Elective Pay (not-for-profits)
 - How to file a 990-T
 - Transferability (for-profit)
 - How to sell your energy credit
- Planning Strategies for 2024 and Beyond



INFLATION REDUCTION ACT (IRA)



**Celebrating the Two-Year Anniversary of the Inflation Reduction Act

- IRA Passed August 2022
- Significant legislation to reduce carbon emissions ~40% by 2030
- Original top line estimates →
- Prescription drug reform
- Deficit reduction
- Bulk of investment toward promoting clean energy

TOPLINE ESTIMATES:

TOTAL REVENUE RAISED	\$739 billion
<i>15% Corporate Minimum Tax</i>	<i>313 billion*</i>
<i>Prescription Drug Pricing Reform</i>	<i>288 billion**</i>
<i>IRS Tax Enforcement</i>	<i>124 billion**</i>
<i>Carried Interest Loophole</i>	<i>14 billion*</i>
TOTAL INVESTMENTS	\$433 billion
<i>Energy Security and Climate Change</i>	<i>369 billion***</i>
<i>Affordable Care Act Extension</i>	<i>64 billion**</i>
TOTAL DEFICIT REDUCTION	\$300+ billion

* = Joint Committee on Taxation estimate
 ** = Congressional Budget Office estimate

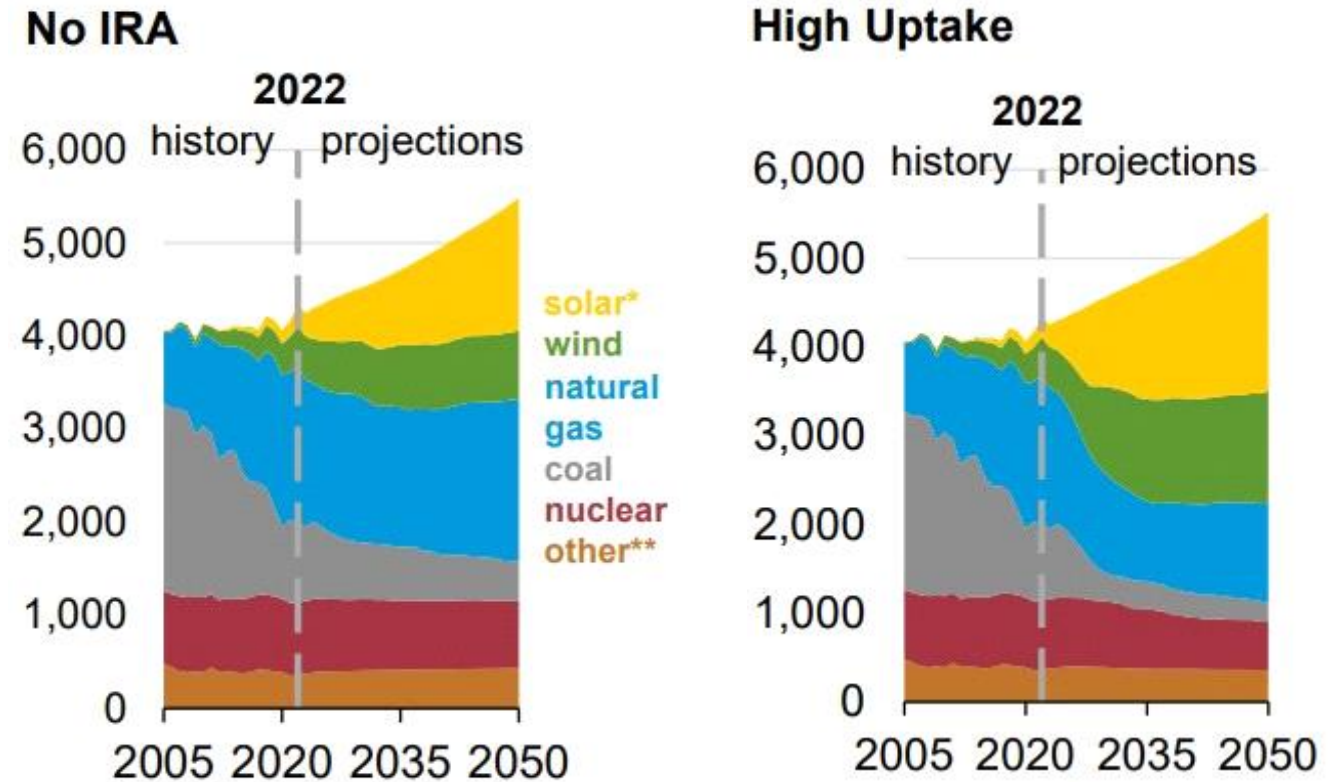
- *November 2022 - Credit Suisse forecasted IRA cost ~\$800 Billion
- *March 2023 – Brookings Institution forecasted IRA cost ~\$780 Billion
- *March 2023 – Goldman Sachs forecasted IRA cost ~\$1.2 Trillion

Projected IRA Energy Impacts

Inflation Reduction Act (IRA)

- Federal Investment Tax Credits (ITC) help drive innovation in critical areas like Energy Sources and Systems
- These diagrams illustrate the levels of energy innovation without the IRA and at the highest projected levels with the IRA ITC stimulating renewable energy investments and innovation

U.S. net electricity generation by fuel
billion kilowatthours www.eia.gov/aeo



Data source: U.S. Energy Information Administration, *Annual Energy Outlook 2023 (AEO2023)*
Note: IRA=Inflation Reduction Act

IRA: Energy & Climate Provisions



Clean Energy Tax Credits

Production Tax Credits

- New Clean Hydrogen Production Tax Credit (45V)
- New Advanced Manufacturing Production Tax Credit (45X)
- Nuclear Power Production Tax Credit (45U)
- Extension of Renewable Electricity Production Tax Credit (Section 45)
- New Clean Electricity Production Tax Credit (45Y)

Investment Tax Credits

- Extension of Energy Investment Tax Credit (Section 48)
- New Clean Electricity Investment Tax Credit (48E)
- Advanced Energy Project Credit (48C)

Fuel Tax Credits

- New Clean Fuel Production Credit (45Z)
- New Sustainable Aviation Fuel (SAF) Credit (40B)
- Extension of Second Generation Biofuel Incentives
- Extension of Biodiesel and Renewable Diesel Credit

Clean Vehicle Tax Credits

- Clean Vehicle Credit (30D)
- New Previously Owned Clean Vehicle Credit (25E)
- New Commercial Clean Vehicle Credit (45W)
- Extension of Alternative Fuel Refueling Property Credit (30C)

Carbon Management

- Carbon Capture and Sequestration Tax Credit (45Q)
- Investment in Low-Carbon Materials & Buildings
- Biomass, Carbon Removal, and Forest Management

Residential Energy Efficiency

- Credit for Residential Clean Energy (25D)
- Credit for Energy Efficiency Home Improvements (25C)
- Home Energy Performance-Based Whole House Rebates (HOMES)
- High-Efficiency Electric Home Rebate Program
- Grants for Energy Efficiency Contractor Training

Energy Innovation

- Advanced Industrial Facilities Deployment Program
- National Laboratory Infrastructure
- Availability of High-Assay Low-Enriched Uranium (HALEU)

Offshore Wind and Oil & Gas Systems

- Offshore Wind
- Oil & Gas
- Methane Emissions Reduction Program

Community Investment and Energy Justice

- Environmental and Climate Justice Block Grants
- Neighborhood Access and Equity Grants
- Grants to Reduce Air Pollution at Ports
- Clean Heavy-Duty Vehicles
- Low Emissions Electricity Program
- Energy Credit for Solar and Wind in Low-Income Communities
- USDA Assistance for Rural Electric Cooperatives
- Rural Energy for America Program (REAP)

Investments in the Permitting Process

- Grants to Facilitate the Siting of Interstate Electricity Transmission Lines
- Federal Permitting Improvement Steering Council Environmental Review Improvement Fund
- EPA Efficient, Accurate, And Timely Reviews
- Environmental Review Implementation Funds
- NOAA Efficient and Effective Reviews
- Grants To Reduce Air Pollution at Ports

Clean Energy Financing

- DOE Loan Programs Office (LPO)
- Greenhouse Gas Reduction Fund
- Domestic Manufacturing Conversion Grants
- Enhanced Use of Defense Production Act
- Biofuel Infrastructure

Agriculture & Forestry

Agriculture Programs

- Environmental Quality Incentives Program (EQIP)
- Conservation Stewardship Program (CSP)
- Agricultural Conservation Easement Program (ACEP)
- Regional Conservation Partnership Program (RCPP)
- Conservation Technical Assistance (CTA)

Forestry Programs

- National Forest System Restoration and Fuels Reduction Projects
- Grants for Non-Federal Forest Landowners
- State and Private Forestry Conservation Programs



Funding Opportunities: For Profit Entities

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DOE Funding Opportunities



Loan Programs Office

The Loan Programs Office (LPO) is a part of the U.S. Department of Energy (DOE) that provides debt financing for the commercial deployment of large-scale energy projects¹²³⁴⁵. LPO can provide first-of-a-kind projects and other high-impact, energy-related ventures with access to debt capital that private lenders cannot or will not provide³. LPO has approximately \$40 billion in available loan and loan guarantee authority.

Title 17 (Innovative Clean Energy & Energy Infrastructure Reinvestment)

- a. Overview: <https://www.energy.gov/lpo/title-17-clean-energy-financing>
- b. blog: <https://www.energy.gov/lpo/articles/lpos-updated-title-17-clean-energy-financing-program-guidance-connects-eligible>
- c. Program Guidance: <https://www.energy.gov/lpo/articles/program-guidance-title-17-clean-energy-program>
- d. Part I Application Instructions: <https://www.energy.gov/lpo/articles/title-17-clean-energy-financing-program-part-i-application-instructions>
- e. Part II Application Instructions: <https://www.energy.gov/lpo/articles/title-17-clean-energy-financing-program-part-ii-application-instructions>
- f. Interim Final Rule: <https://www.energy.gov/lpo/articles/interim-final-rule>
- g. Community Benefits [Community Jobs and Justice](#) | [Department of Energy](#)

Inflation Reduction Act (IRA) Guidebook:

A list of over 100 assistance programs funded through the IRA.

More will go live as the details of funding requirements and structures are confirmed. Please refer to the [IRS Credit and Deductions site](#) for guidance on IRA tax credits.

Bipartisan Infrastructure Legislation (BIL) Guidebook: A list of over 380 assistance programs funded through the BIL, both new and existing. There are three major program areas: Transportation; Climate, Energy, and the Environment; and Broadband. Scroll to the bottom to search by keyword.

DOE Clean Energy Infrastructure Program and Funding Opportunity Announcements (FOAs): A filterable list of over 90 DOE-specific grants and tax credits available through BIL and IRA.

To search for and apply to open funding opportunities (and access Teaming Partners lists):

- For **clean energy project grants and tax credits**, see [Infrastructure Funding Opportunities](#),
- For **demonstration projects**, see [Clean Energy Demonstrations Funding Opportunities](#),
- For **R&D and early-stage funding**, see [EERE Funding](#) and [ARPA-E Funding Opportunities](#).

In addition, the [Office of Science Funding Opportunities](#) site links to **more early-stage support** for energy efficiency and renewable energy, nuclear energy, carbon management, and more.

Database of State Incentives for Renewables & Efficiency (DSIRE) - Compiled by North Carolina State (not affiliated with DOE): State-by-state information on policies, tax credits, grant funding, and more.

To receive the latest news and updates about DOE's clean energy infrastructure funding opportunities, events, and resources, sign up for our newsletter and email updates at energy.gov/infrastructure.

DOE Funding Opportunities



Funding Opportunities

Greenhouse Gas Reduction Fund

- The Greenhouse Gas Reduction Fund provides \$29 billion for deployment of low- and zero-emission technologies. This investment will be structured as a competitive grant program overseen by the EPA Administrator.

Climate Pollution Reduction Grants

- \$5 billion will be available to states, municipalities, or air pollution control agencies for greenhouse gas air pollution planning and implementation grants.

Environmental and Climate Justice Block Grants

- \$3 billion will be available as a block grant to fund environmental justice projects for disadvantaged communities.

DOE Loan Program Office

- \$40 billion in additional commitment authority.
- Grants to Facilitate the Siting of Interstate Electricity Transmission Lines
- \$760 million will be provided for the Department of Energy to issue grants to state, local, or tribal entities for studying covered transmission projects 275 kV and higher and carrying out related economic development and regulatory proceedings.

Department of Agriculture Programs

- Additional \$1B for rural renewable energy electrification loans and expansion of the program to include storage.
- Additional \$1B for REAP, with total grants limited to 50% of the total cost of an eligible project.
- \$9.6B for loans and financing for rural co-ops to purchase renewable energy, generation, zero-emission systems, and related transmission, limited to 25% of total cost.



What is MESCC?



MESCC

OFFICE OF MANUFACTURING AND ENERGY SUPPLY CHAINS

<https://www.energy.gov/mesc/manufacturing>

Office of Manufacturing and Energy Supply Chains

Our Mission: To strengthen and scale America's clean energy supply chains through:

- transformative manufacturing capacity investments
- targeted workforce investments to build up the energy workforce of the future
- cutting-edge energy supply chain vulnerability and innovation analysis



MANUFACTURING CAPACITY



WORKFORCE DEPLOYMENT



ANALYSIS & STRATEGIC INVESTMENT

Processing and Manufacturing Capacity

Advanced Energy Manufacturing and Recycling Grants: BIL 40209
Battery and Critical Mineral Recycling - Retailers: BIL 40207 (f)(4)
Battery Manufacturing and Recycling Grants: BIL 40207 (c)
Battery Materials Processing Grants: BIL 40207 (b)
Defense Production Act: Electric Heat Pumps: IRA 30001 & DPA
Domestic Automotive Manufacturing Conversion Grants: IRA 50143
Rare Earth Elements Demonstration Facility: BIL 40205

State and Local Government

Battery and Critical Mineral Recycling - State: BIL 40207 (f)(3)
State Manufacturing Leadership Program: BIL 40534

Tax Credits and Rebates

48C Tax Credits: IRA 13501

Energy Efficient Transformer Rebates: BIL 40555 (Energy Act of 2020, Section 1006)
Extended Product Systems Rebates: BIL 40555 (Energy Act of 2020, Section 1005)



What is Infrastructure Exchange?



Clean Energy Infrastructure Funding Opportunity Exchange

Infrastructure eXCHANGE: Funding Opportunity (energy.gov)

Funding Opportunity Announcements

CLEAN ENERGY INFRASTRUCTURE FUNDING OPPORTUNITY ANNOUNCEMENTS

Jump to a FOA:

Clear	FOA Number	FOA Title	Announcement Type	Office	LOI Deadline	CP Deadline	FA Deadline
				Office of Manufactu			
	DE-FOA-0003376	Smart Manufacturing and Recycling Tactics for States (SMART)	Funding Opportunity Announcement (FOA)	Office of Manufacturing and Energy Supply Chains (MESC)			9/16/2024 05:00 PM ET
	DE-FOA-0003360	Request for Information on Inflation Reduction Act Domestic Manufacturing Conversion Grants For Electrified Vehicles: Small And Medium Size Manufacturers	Request for Information (RFI)	Office of Manufacturing and Energy Supply Chains (MESC)			5/20/2024 05:00 PM ET
	TPI-0000008	Teaming Partner List - DE-FOA-0003294	Teaming Partner List	Office of Manufacturing and Energy Supply Chains (MESC)			
	DE-FOA-0003294	Bipartisan Infrastructure Law (BIL): Advanced Energy Manufacturing and Recycling Grant Program (Section 40209)	Funding Opportunity Announcement (FOA)	Office of Manufacturing and Energy Supply Chains (MESC)		4/22/2024 05:00 PM ET	7/1/2024 05:00 PM ET
	TPI-0000004	Teaming Partner List for DE-FOA-0003099 Battery Materials Processing and Battery Manufacturing Grants	Teaming Partner List	Office of Manufacturing and Energy Supply Chains (MESC)			
	DE-FOA-0003099	Bipartisan Infrastructure Law (BIL): Battery Materials Processing and Battery Manufacturing Grants	Funding Opportunity Announcement (FOA)	Office of Manufacturing and Energy Supply Chains (MESC)		1/9/2024 05:00 PM ET	3/19/2024 05:00 PM ET
	TPI-0000002	TEAMING PARTNER LIST FOR DE-FOA-0003106 IRA 50143 DOMESTIC MANUFACTURING CONVERSION GRANTS	Teaming Partner List	Office of Manufacturing and Energy Supply Chains (MESC)			
	DE-FOA-0003106	Inflation Reduction Act (IRA) 50143: Domestic Manufacturing Conversion Grants	Funding Opportunity Announcement (FOA)	Office of Manufacturing and Energy Supply Chains (MESC)		11/1/2023 05:00 PM ET	1/23/2024 05:00 PM ET
	DE-FOA-0003098	Bipartisan Infrastructure Law (BIL) - Notice of Intent to Issue DE-FOA-0003099	Notice of Intent to Publish FOA (NOI)	Office of Manufacturing and Energy Supply Chains (MESC)		TBD	TBD
	DE-FOA-0003113	Domestic Manufacturing Conversion Grants	Notice of Intent to Publish FOA (NOI)	Office of Manufacturing and Energy Supply Chains (MESC)		TBD	TBD
	DE-FOA-0002987	DOE Heat Pump Defense Production Act Program	Funding Opportunity Announcement (FOA)	Office of Manufacturing and Energy Supply Chains (MESC)		3/15/2024 05:00 PM ET	4/29/2024 05:00 PM ET
	DE-FOA-0003032	Domestic Manufacturing Conversion Grants for Electrified Vehicles	Request for Information (RFI)	Office of Manufacturing and Energy Supply Chains (MESC)			5/9/2023 05:00 PM ET
	TPI-0000001	Teaming Partner List for DE-FOA-0002940 BIL IAC and BTAC Program	Teaming Partner List	Office of Manufacturing and Energy Supply Chains (MESC)			
	DE-FOA-0002940	BIL: Industrial Assessment Center (IAC) Program - IACs at Trade Schools, Community Colleges, and Union Training Programs; and Building Training and Assessment Centers (BTAC) Program	Funding Opportunity Announcement (FOA)	Office of Manufacturing and Energy Supply Chains (MESC)		6/16/2023 05:00 PM ET	8/15/2023 05:00 PM ET
	DE-FOA-0002969	Bipartisan Infrastructure Law State Manufacturing Leadership Program (Section 40534)	Funding Opportunity Announcement (FOA)	Office of Manufacturing and Energy Supply Chains (MESC)			5/30/2023 05:00 PM ET
	DE-FOA-0003024	Initial Guidance for Round 1 of the Qualifying Advanced Energy Project Credit (48C) Program	Other	Office of Manufacturing and Energy Supply Chains (MESC)			TBD
	DE-FOA-0002968	Bipartisan Infrastructure Law: State Manufacturing Leadership Program (Section 40534)	Notice of Intent to Publish FOA (NOI)	Office of Manufacturing and Energy Supply Chains (MESC)			TBD
	DE-FOA-0002887	Bipartisan Infrastructure Law: Industrial Assessment Center (IAC) Program - IACs at Trade Schools, Community Colleges, and Union Training Programs; and Building Training and Assessments Centers (BTAC)	Notice of Intent to Publish FOA (NOI)	Office of Manufacturing and Energy Supply Chains (MESC)			TBD



What is Energywerx?



The Mission:

ENERGYWERX strives to discover, engage, and accelerate innovation in support of DOE's missions to expand the development and deployment of clean energy solutions, heighten energy security, and strengthen national security ecosystems.



Selected projects will expand DOE's existing Industrial Training and Assessment Centers (ITAC), formerly known as the Industrial Assessment Centers (IACs), network which trains energy-efficiency workers to help small- and medium-sized manufacturers (SMMs) reduce their carbon emissions and energy costs. Run by DOE's Office of Manufacturing and Supply Chains.



These awards will be managed by DOE's Partnership Intermediary, ENERGYWERX, who helps reach and support applicants with DOE funding opportunities. Selection for award negotiations is not a commitment by DOE to issue an award or provide funding. Before funding is issued, DOE, ENERGYWERX, and the applicants will undergo a negotiation process.

Leading the Charge in Clean Energy Revolution Through Collaboration

The United States is undergoing a clean energy shift characterized by the strong expansion of the renewable energy sector. This industry not only exemplifies economic vitality, generating billions, but also symbolizes limitless economic opportunities for nations that invent, produce, and export clean energy technologies.

Hydrogen & Fuel Cells

Employing the most abundant element in the universe, hydrogen, these solutions create power when hydrogen is combined with oxygen in fuel cells, producing water as the only byproduct.

Solar

Harnessing the power of the sun, this technology captures sunlight and transforms it into electricity, offering an abundant and increasingly cost-effective energy source.

Wind

Utilizing the earth's natural airflows, this method produces power when wind turbines convert kinetic energy into electrical energy, tapping into a clean and endless resource.

Water

Exploiting the kinetic or potential energy of water, solutions in this realm generate electricity through methods like tidal, wave, and ocean thermal energy conversion.

Geothermal

Tapping into the heat stored beneath the Earth's surface, this technology exploits naturally occurring underground reservoirs of steam and hot water to produce power.

BioEnergy

Deriving power from organic materials, this approach converts biomass like plants and agricultural waste into energy, providing both electricity and fuel.

Nuclear

Leveraging nuclear reactions to release thermal energy, this method uses heat to generate steam which powers turbines to produce electricity, offering large-scale, continuous energy output.

Carbon Capture

By removing carbon dioxide (CO₂) emissions directly from industrial sources or from the atmosphere, CO₂ can be stored underground or utilized in various applications.

Polling Question #2


Are you still listening?

A. *Yes*

B. *No*



Funding Opportunities: Not-For-Profit Entities

 847.637.5677

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What is SCEP?



SCEP

STATE & COMMUNITY ENERGY PROGRAMS

Office of State and Community Energy Programs | Department of Energy

State & Community Energy Programs

Mission:

The Office of State and Community Energy Programs (SCEP) works with state and local organizations to significantly accelerate the deployment of clean energy technologies, catalyze local economic development and create jobs, reduce energy costs, and avoid pollution through place-based strategies involving a wide range of government, community, business and other stakeholders

The DOE Office of State and Community Energy Programs (SCEP) is kicking off a new series to help the nonprofit sector develop funding strategies for energy upgrades. We invite you to register for ["Funding Strategies for Nonprofits: Making the case for Energy Investments"](#) to learn more about increasing leadership buy-in for energy efficiency projects.

Renew America's Nonprofits

August 8, 2024



DOE Kicks Off New Webinar Series on Funding Strategies for Nonprofits

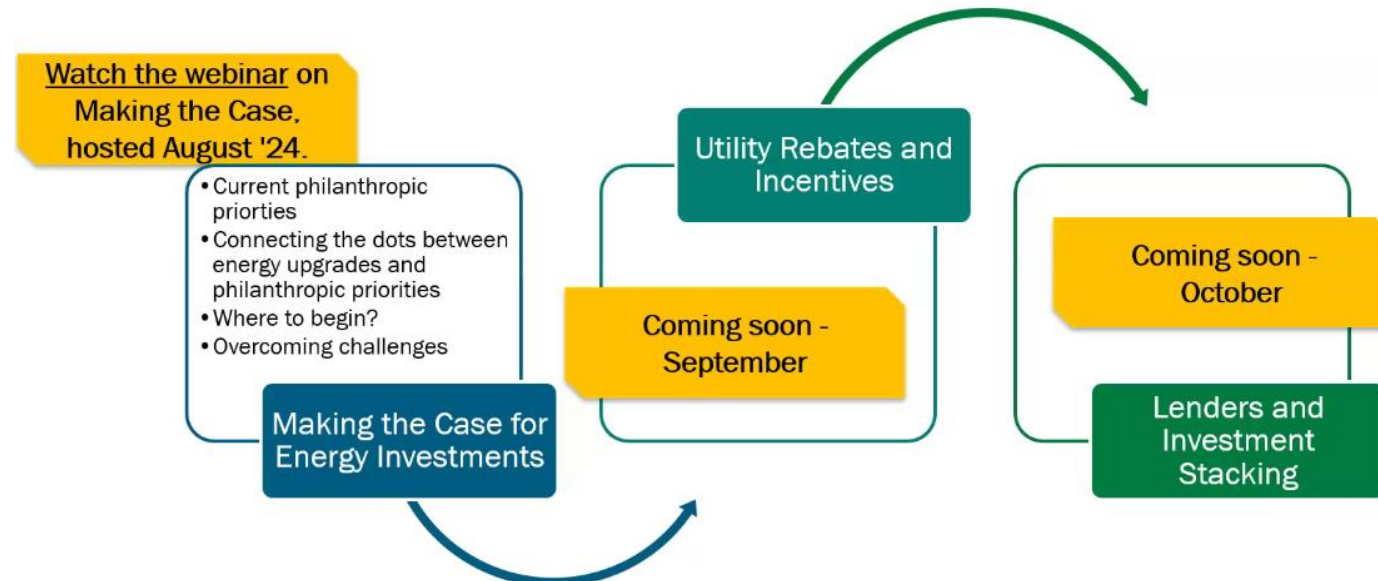
DOE Webinar Series

Office of State and Community Energy Programs | Department of Energy

Funding Strategies for Nonprofits: Making the case for Energy Investments:

- Join the DOE Office of State and Community Energy Program (SCEP) and the Renew America's Nonprofits on Wednesday, August 28th at 2pm ET for the first webinar in a series designed to help nonprofits make the case to funders for energy efficiency upgrades and clean energy improvements.

Financing Strategies for Nonprofits Roadmap



DOE Webinar Series

Support comes in many forms

- Competitive Grants
- Formula Funds
- Rebates
- Tax Credits / Direct & Elective Pay
- Low-interest/forgivable loans
- Challenges / Competitions
- Technical assistance

Federal Agencies

State Agencies

Non-profit & for-profit orgs

Private Foundations

Banks / CDFIs

Utilities

MIDWEST
CLIMATE
COLLABORATIVE

New and Extended: IRC §38 General Business Credits for Renewable Energy Generation and Products

- ❑ IRC §45 Electricity Produced from Certain Renewable Resources (PTC)
- ❑ IRC §48 Energy Credit (ITC)
- ❑ IRC §48C Advanced Energy Project Credit (ITC)
- ❑ IRC §45X Advanced Manufacturing Production Credit (PTC)



\$45 Renewable Energy Production Credit

QUALIFIED ENERGY RESOURCES

TYPES of RESOURCES

- Wind
- Solar energy
- Closed loop biomass (plant material grown as fuel)
- Open loop biomass (livestock or cellulosic or lignin waste)
- Geothermal energy
- Small irrigation power
- Municipal solid waste
- Qualified hydropower production
- Marine & hydrokinetic renewable energy
- Carbon Capture, & Sequestration
- Nuclear
- Advanced Manufacturing Production Credit

\$48 Renewable Energy Investment Credit

QUALIFIED ENERGY PROPERTY

- Solar Energy Property
- Electrochromic Glass Property
- Geothermal Property
- Qualified Fuel Cell Property
- Qualified Microturbine Property
- Combined Heat and Power (CHP) System Property
- Qualified Small Wind Energy Property
- Geothermal Heat Pump Equipment
- Waste Energy Recovery Property (WERP)
- Offshore Wind
- Energy Storage
- Qualified Biogas Property
- Microgrid Controllers
- Interconnection Property

Credits for Green Energy/Carbon



Credits for Energy Generation & Carbon Capture

Tax Provision	Description	Elective Payment	Transfer Election
Production Tax Credit for Electricity from Renewables (§ 45, pre-2025)	For production of electricity from eligible renewable sources , including wind, biomass, geothermal, solar, landfill and trash, hydropower, marine and hydrokinetic energy.	✓	✓
Clean Electricity Production Tax Credit (§ 45Y, 2025 onwards)	Technology-neutral tax credit for production of clean electricity. Replaces § 45 for facilities that begin construction and are placed in service after 2024. To qualify, the facility must have a greenhouse gas emissions rate of not greater than zero.	✓	✓
Investment Tax Credit for Energy Property (§ 48, pre-2025)	For investment in renewable energy projects including fuel cell, solar, geothermal, small wind, energy storage, biogas, microgrid controllers, and combined heat and power properties.	✓	✓
Clean Electricity Investment Tax Credit (§ 48E, 2025 onwards)	Technology-neutral tax credit for investment in facilities that generate clean electricity and qualified energy storage technologies. Replaces § 48 for facilities that begin construction and are placed in service after 2024. To qualify, the facility must have a greenhouse gas emissions rate of not greater than zero.	✓	✓
Zero-Emission Nuclear Power Production Credit (§ 45U)	For electricity from existing nuclear power facilities. Facilities in operation prior to August 16, 2022.	✓	✓
Credit for Carbon Oxide Sequestration (§ 45Q)	Credit for carbon dioxide sequestration coupled with permitted end uses (e.g., sequestration, use as a tertiary injectant, or utilization) in the United States.	✓ <i>(incl. businesses for five years)</i>	✓
Increase in Energy Credit For Solar And Wind Facilities Placed In Service In Connection With Low-income Communities (§ 48(e))	Increases the Section 48 Energy Credit rate for qualified solar or wind facilities located in low-income communities or on Indian land.	✓	✓



Credits for Manufacturing



Credits for Manufacturing

Tax Provision	Description	Elective Payment	Transfer Election
Advanced Manufacturing Production Credit (§ 45X)	Production tax credit for domestic clean energy manufacturing of components including solar and wind energy, inverters, battery components, and critical minerals.	✓ <i>(incl. businesses for five years)</i>	✓
Advanced Energy Project Credit (§ 48C) <i>Application required</i>	For investments in advanced energy projects. A total of \$10 billion will be allocated, not less than \$4 billion of which will be allocated to projects in certain energy communities. First round of allocations totaled \$4 billion in tax credits to advanced energy projects in the first allocation round for the 48C tax credit, including \$1.5 billion to historic energy communities with closed coal mines or coal plants	✓	✓
Advanced Manufacturing Investment Credit (CHIPS) (§ 48D)	Creates a 25 percent investment tax credit for investments in semiconductor manufacturing and includes incentives for the manufacturing of semiconductors, as well as for the manufacturing of the specialized tooling equipment required in the semiconductor manufacturing process.	✓	



Credits for Commercial Energy



Commercial Energy

Commercial Energy

New Energy Efficient Homes Credit (§ 45L)

Provides a tax credit for construction of new energy efficient homes **Credit Amount:** \$2,500 for new homes meeting Energy Star standards; \$5,000 for certified zeroenergy ready homes. For multifamily, base amounts are \$500 per unit for Energy Star and \$1000 per unit for zero-energy

Energy Efficient Commercial Buildings Deduction (§ 179D)

Provides a tax deduction for the cost of energy efficiency improvements to commercial buildings, installed as part of the building envelope; interior lighting systems; or the heating, cooling, ventilation, and hot water systems. **Credit Amount:** \$0.50-\$1 per square foot, depending on increase in efficiency, with deduction over three or four-year periods capped at \$1 per square foot. Inflation adjusted. A new alternative deduction for energy efficient building retrofit property is also available.



Inflation Reduction Act of 2022

§48 Special Rules – ITC Rates

- **ITC rate is 6%, increasing to 30%** of qualifying investment if one of these requirements is met:
 - Project has maximum net output of less than one megawatt; or
 - Satisfies prevailing wage and apprenticeship requirements; or
 - At least 5% of construction was completed by January 29, 2023
- **Prevailing wage and apprenticeship rules** are stringent with substantial penalties
 - **IRS Notice 2022-61** rules apply to all onsite workers
 - Taxpayer is liable for contractor and subcontractor compliance and must keep records
 - Evaluate way to determine prevailing wages such as in rural areas then follow federal DoL wage guidelines
 - Apprenticeship programs must be registered with the state and informal employer programs do not qualify
 - **Corrections must be made to employees in the amount of any shortfall plus interest**
 - Penalty is \$5,000 per laborer that is short paid, or \$10,000 if intentional
 - Taxpayer may seek an abatement of non-intentional short paid laborer penalties
 - A Good Faith Effort exception exist for the apprenticeship requirement.

June 18, 2024

Issue Number: IR-2024-168

Inside This Issue

Treasury, IRS release guidance on the prevailing wage and apprenticeship requirements for increased credit and deduction amounts under the Inflation Reduction Act

PREVAILING WAGE & APPRENTICESHIP

Applicability

Section	Credits and Incentives	Prevailing Wage	Apprenticeship ⁴
45	Production Tax Credit for Electricity from Renewables	✓ ^{1,2}	✓ ^{1,2}
45E	Clean Electricity Production Tax Credit	✓	✓
45Q	Carbon Capture and Sequestration	✓ ²	✓ ²
45U	Zero-Emission Nuclear Power Production Credit	✓	✗
45X	Advanced Manufacturing Production Credit	✗	✗
45Y	Clean Electricity Production Tax Credit	✓ ^{1,2}	✓ ^{1,2}
48	Investment Tax Credit for Energy Property	✓ ^{1,2}	✓ ^{1,2}
48C	Advanced Energy Project Credit	✓	✓
48E	Clean Electricity Investment Tax Credit	✓ ^{1,2}	✓ ^{1,2}
45L	New Energy Efficient Home Credit	✓ ³	✗
179D	Energy Efficient Commercial Building Deduction	✓ ²	✓ ²

¹ If applicable energy property maximum net output is less than 1 MW, the PWA requirements may not apply.

² If construction began prior to January 29, 2023, and continuous progress made toward completion, the PWA requirements may not apply.

³ Only applies to Multifamily Developments.

⁴ A Good Faith Effort exception exist for the apprenticeship requirement. Situation specific, consult expert to see if it is applicable.

BONUS CREDITS



- **Bonus** - 10% Credit boost (PTC) or
Additional 10% Credit (ITC)
- Prevailing wage requirement applies to bonuses 5x multiplier (2% vs 10%)

Three Bonuses available:

- Domestic Content
- Energy Community
- Low-Income Community

DOMESTIC CONTENT BONUS



- 100% Domestic Steel and Iron for structural components
 - Ex - Solar racking, piles, rebar for foundations, towers for windmills, etc.
- 40% Domestic Manufactured Product Components in 2024
 - DC % increases 5% per year to 55% for 2027 and beyond
- Must include Domestic Content Certification Statement w/ filing
- Recommend to pursue at the onset of the project, retroactive certification is difficult

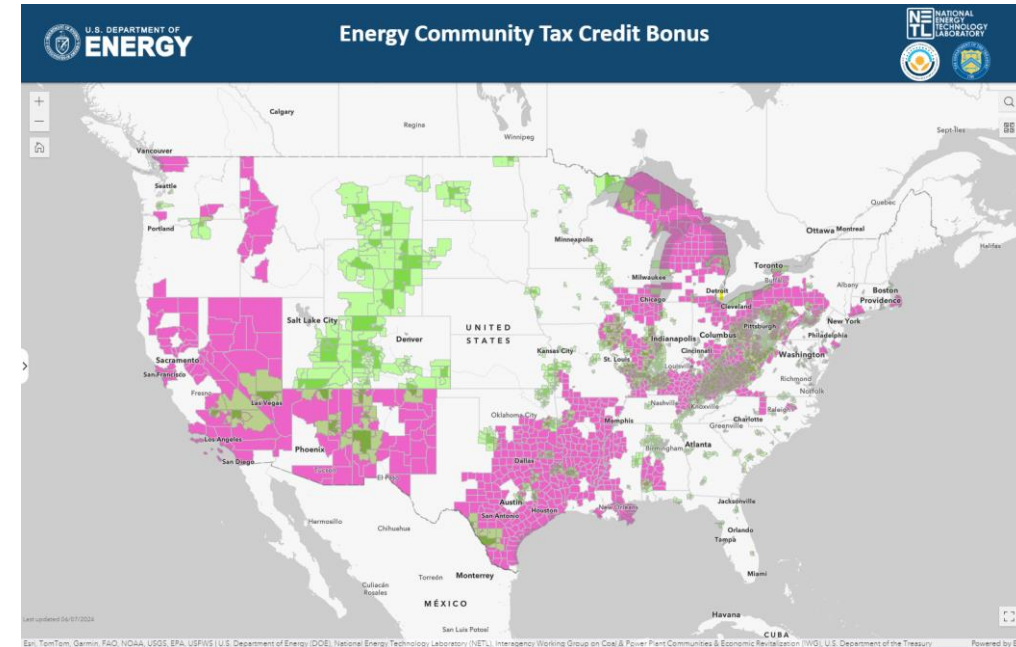
- Not satisfying domestic content may result in a haircut to the amount of a credit claimant's "direct pay" tax credit under section 6417 for certain tax-exempt entities.
- Starting in 2024, for taxpayers using elective pay, the domestic content requirement can also result in a reduction of the applicable credit amount (for sections 45, 45Y, 48, and 48E) if it is not met.

ENERGY COMMUNITY BONUS



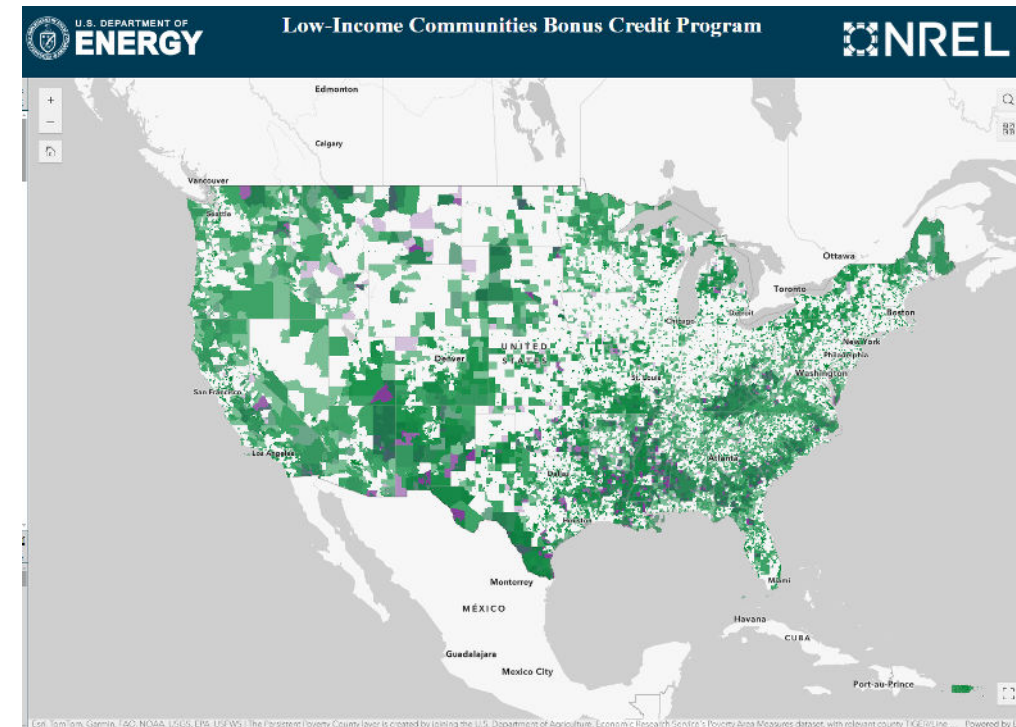
Three qualification categories:

- **Brownfield**
 - Cities defined under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA)
- **MSA on Non-MSA**
 - Metropolitan Statistical Areas (MSAs) or Non-MSA w/ significant portion of employment revenue tied to fossil fuel industry. Unemployment must be above national average.
- **Coal Closure**
 - Census tract where coal mines have closed after 2000, of coal-fired electrical units retired after 2010.
- **DOE / National Energy Technology Laboratory NETL maintain mapping tool** (excluding brownfield designations) →



LOW-INCOME COMMUNITY BONUS

- Application process facilitated by the DOE
- Initial submission required before asset is placed in service
- 10% or 20% bonus opportunity
- Four Categories (plus additional selection criteria)
 - Located in Low-Income Community
 - Located on Indian Land
 - Qualified Low-Income Residential
 - Qualified Low-Income Economic Benefit
- 1.8 gigawatts of capacity available for 2024
- Initial registration window passed in lottery for 2024



Bond Financing Adjustment



IRC Sec. 48(a)(4) Tax Exempt Bond Financing (TEBF):

- If tax exempt bond financing is used in a renewable energy project, that the amount of the allowable credit including any qualified bonus credits must be reduced by a pro rata portion of TEBF to Total Financing, up to a maximum reduction of 15%
 - 30% credit if subject to the maximum reduction would be reduced to 25.5%.

Grants used in combination with ITCs

- Grants, Utility Rebates, RECs and Other Incentives typically do not decrease the amount eligible for the ITC if the company is required to pay federal income tax on the incentive.
 - *cannot exceed 100%
 - **need to be evaluated case by case.

What's Next for ITCs/PTCs?

The Technology-Neutral Sections 45Y PTC/48E ITC are coming

Department of the Treasury	13701	45Y	Clean Electricity Production Tax Credit
Department of the Treasury	13702(h)	48E	Clean Electricity Investment Tax Credit

- For projects placed in service (PIS) after January 1st, 2025 there is a transition to a new technology-neutral tax credit system.
- The U.S. Department of the Treasury and IRS on May 29, 2024, released a notice of proposed rulemaking (NPRM) regarding the clean electricity production credit determined under Section 45Y and the clean electricity investment credit determined under Section 48E of the Internal Revenue Code

Signed into Law - January 1, 2025	January 11, 2025 - 2032 at least	2033 - 2035 or after 75% reduction
ITC Extension	Tech Neutral ITC (48E)	100%, 75%, 50%, then 0
PTC for Solar	Tech Neutral PTC (45Y)	100%, 75%, 50%, then 0

The technology-neutral structure extends until power sector emissions are reduced by 75% from 2022 levels or begins stepping down after 2032, whichever is later.



Expiring Credits

Nonzero GHG emission technologies will no longer be eligible for credits

- Section 45Y PTC and Section 48E ITC are available for electricity produced at a facility for which the greenhouse gas (GHG) emissions rate is zero or less.
- Section 45Y and Section 48E do not include a list of qualified technologies
- Proposed regulations do identify certain technologies that are zero-GHG facilities

Calculation of ITC	
48	48E
Solar	Included
Wind	Included
Energy Storage	Included
Hydropower	Included
Waste Energy Recovery Property (WERP)	Included
Qualified Microturbine Property	Included
Qualified Fuel Cell Property	Included
Nuclear fission/fusion	Included
Geothermal Property	Remains under 48 until 2035
Combined Heat and Power (CHP)	only eligible for the Section 45Y PTC
Electrochromic Glass Property	Expires 12/31/2024
Microgrid Controllers	Expires 12/31/2024

*Taxpayers should consider beginning construction of projects using these technologies no later than Dec. 31, 2024, to safe-harbor eligibility under the existing PTC and ITC



Polling Question #3

Are you still listening?

A. *Yes*

B. *No*



Renewable Energy Tax Credit Monetization

 847.637.5677

 INFO@TRI-MERIT.COM



Who Can Benefit from the Renewable Energy ITC?

Everyone...

BUSINESSES

- **Manufacturers for stable energy supply**
 - Solar covered parking
- **Food processors and grocery stores with perishable goods**
 - Biogas system and microturbine generators
- **Large, windowed commercial office buildings**
 - Electrochromic glass to increase energy efficiency through use of passive light and heat
- **Retail complexes with rooftop space desiring to control energy costs**
 - Rooftop solar panels
- **Microbrewery to reduce energy waste**
 - Combined Heat & Power system (CHP) to make more efficient use of energy consumed in production to generate heat and electricity

TAX EXEMPT ORGANIZATIONS

- **Hospitals needing secure backup power**
 - Microgrid, controllers, interconnectivity and battery solution
- **Government or school buildings**
 - Geothermal heat pumps to take advantage of natural subterranean heating and cooling properties
- **Churches used infrequently**
 - Heat pumps and solar panels with microgrid/ grid connectivity for net metering revenue
- **Community or co-op wind farm**
 - Small wind turbines with microgrid interconnectivity
- **Open conservancy space**
 - Larger utility grade solar array up to 5 MW with microgrid / grid interconnectivity for sale to off-takers

Inflation Reduction Act of 2022

Elective Tax Payment or Transfer

Code Sec. 6417:

A tax-exempt organization, State, Indian tribal government, etc. (applicable entity) may elect to be treated as making a federal income tax payment equal to the amount of the energy credit.

Code Sec. 6418:

A taxpayer that is not an applicable entity may elect to transfer all or a portion of the credit to an unrelated taxpayer.

Table 1: Entity types and the type of registrations available to them

Registrant type	Credit Provision (by reference to the applicable Code provision)												
	30C	45	45Q	45U	45V	45W	45X	45Y	45Z	48	48C	48E	48D
Organization exempt from tax under Subtitle A described in section 501(a)	P	P	P	P	P	P	P	P	P	P	P	P	P
Government of any U.S. territory or a political subdivision thereof (including an agency or instrumentality)	P	P	P	P	P	P	P	P	P	P	P	P	N/A
Any State, the District of Columbia, or political subdivision thereof (including an agency or instrumentality)	P	P	P	P	P	P	P	P	P	P	P	P	N/A
An Indian tribal government or a subdivision thereof (including an agency or instrumentality)	P	P	P	P	P	P	P	P	P	P	P	P	N/A
Any Alaska Native Corporation (as defined in section 3 of the Alaska Native Claims Settlement Act, 43 U.S.C. 1602(m))	P	P	P	P	P	N/A	P	P	P	P	P	P	P
The Tennessee Valley Authority	P	P	P	P	P	P	P	P	P	P	P	P	N/A
Rural electric cooperative*	P	P	P	P	P	N/A	P	P	P	P	P	P	P
S Corp	T	T	P/T	T	P/T	N/A	P/T	T	T	T	T	T	P
C Corp	T	T	P/T	T	P/T	N/A	P/T	T	T	T	T	T	P
Partnership	T	T	P/T	T	P/T	N/A	P/T	T	T	T	T	T	P
REIT	T	T	P/T	T	P/T	N/A	P/T	T	T	T	T	T	P
Sole proprietor	T	T	P/T	T	P/T	N/A	P/T	T	T	T	T	T	P
Trust	T	T	P/T	T	P/T	N/A	P/T	T	T	T	T	T	P
Other subchapter F entities (such as section 521, 526, 527, 528, 529, 529A and 530 orgs)**	T	T	P/T	T	P/T	N/A	P/T	T	T	T	T	T	P
Section 664 (charitable remainder trusts), 408(e) (IRAs) and various similar tax-advantaged savings accounts not included in subchapter F**	T	T	P/T	T	P/T	N/A	P/T	T	T	T	T	T	P

RETC Monetization

FEASIBILITY

- Technical Criterion Review
- Credit Valuation and Recommendations
- Monetization Determination (Transferability vs. Direct Pay)
- Tax Incentive Optimization and Analysis of Available Tax Incentives

ADMINISTRATION

- Client Engagement and Onboarding
- Coordination with Tax Advisor/CPA and Legal
- Pro Forma Tax Filing Reporting
- IRS Portal Registrations and Reporting

MONETIZATION

- Maximize Tax Credit Benefits
- Tax Analysis Services for Credit Buyers/Sellers
- Risk Analysis
- Facilitation of Direct Pay and Credit Transfer
- Recapture Analysis and Engagement

DUE DILIGENCE

- Quantification Analysis and Credit Calculations
- Tax Technical Advisory and Support
- Qualitative Substantiation and Documentation (Diligence Package Delivery)
- Tax Law Analysis



NOT-FOR-PROFITS

Elective Pay

Elective pay allows applicable entities, including tax-exempt and governmental entities to benefit from clean energy tax credits with a refundable tax credit

Tri-Merit Process

1. Initial call
2. Project analysis
3. Qualifying property identification
4. Identifying project "placed in service" date
5. Apply labor requirements
6. Provide eligible property documentation

Due Diligence

1. Tri-Merit to finalize the credit calculations
2. Verification & Substantiation of RETC
3. Verification & Substantiation of Bonus Credits
4. Complete QA/QC Process

Receive Payment

Receive payment on claim for refund.



Applicable Entities

- U.S. territories and their political subdivisions
- Agencies and instrumentalities of state, local, tribal & U.S. territorial governments
- Rural electric cooperatives
- Tax-exempt organizations, states, & political subdivisions
- Local governments, Indian tribal governments,
- Alaska Native Corporations

IRS Portal Registration

1. Identify and pursue the qualifying project or activity
2. Determine your tax year
3. When was the property placed in service?
4. Complete pre-filing registration with IRS
5. Satisfy eligibility requirements for tax credit
6. Receive registration number

Make the "Elective Pay" Election

1. File required annual tax return & make "elective payment" election
2. Complete forms 3468, 3800
3. File form 990-T
4. Complete the e-file requirements

Elective Tax Payment/Transfer Process

Create an Account

The IRA and CHIPS Act Pre-filing Registration Tool Overview



[Publication 5884 \(irs.gov\)](#)

Inflation Reduction Act (IRA) and CHIPS Act of 2022 (CHIPS)

Pre-Filing Registration Tool

User Guide and Instructions

The IRA and CHIPS Act Pre-filing Registration Tool Overview



Conclusion:

- Access the pre-filing registration tool on IRS.gov
- Sign in with ID.me or create an ID.me account
- Complete the business authorization steps
- ➔ • Register your intent to make an elective payment or transfer election
- Move to the credit selection module
- Submit your registration package early
- If you need to update or amend your registration package, you will need to resubmit it for further review

Elective Tax Payment Process

TERMS USED

Terms used in this User Guide and Instructions include:

- "Applicable entity" – a defined term for purposes of elective payment
- "Eligible taxpayer" – a defined term for purposes of IRA credit transfers and elective pay under CHIPS
- "Registrant" – the taxpayer who submits a registration request
- ID.me Account
- "ECO" Business Tax Account – "Energy Credits Online"
- UEI registration process
- "P" means that the registrant type for elective payment election
- "T" means that the registrant type for a transfer election

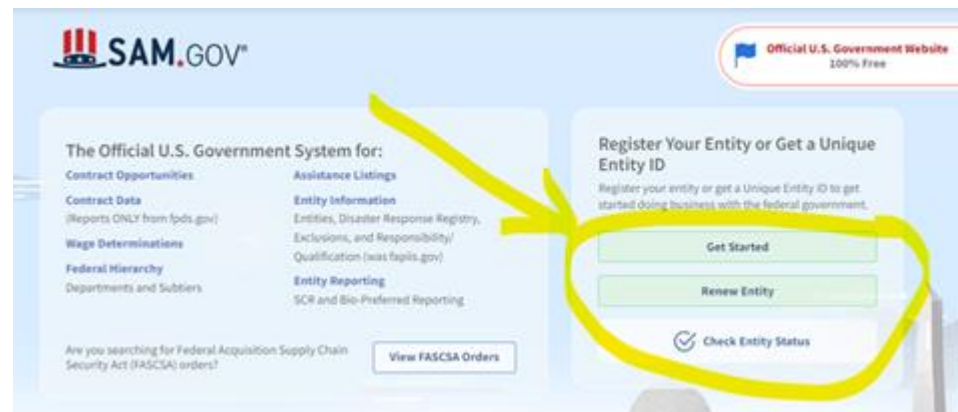
Sign in with an existing account

Sign in with **ID.me**

OR

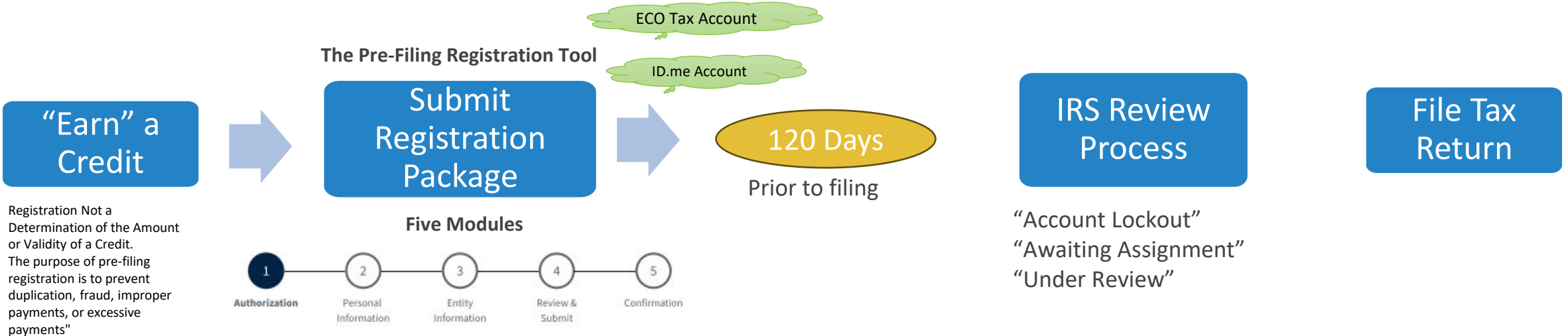
Create a new account

ID.me Create an account



Elective Pay and Transfer Options

The Process



- Registration Not a Determination of the Amount or Validity of a Credit.
- The purpose of pre-filing registration is to prevent duplication, fraud, improper payments, or excessive payments"

Two Categories of Information

- General Information:**
- Tax period of the election
 - EIN
 - Information about subsidiaries included in a consolidated group of corporations
 - Name
 - Address
 - Type of entity
 - Bank account information
 - Types of returns filed

- Credit-Specific Information**
- Information required will vary depending upon the number and type of credits the registrant wishes to monetize with an elective payment or transfer election.
- Pre-Filing Registration tool is dynamic. Depending upon information, only options available to the registrant will be present.

IRC	IRC Name	Form
(48)	Energy Credit	Form 3468
(48C)	Qualifying Advanced Energy Project Credit	Form 3468
(48E)	Clean Electricity Investment Credit	Form 3468
(48D)	CHIPS Advanced Manufacturing Investment Credit	Form 3468
(45)	Renewable Electricity Production Credit	Form 8835
(45Z)	Clean Fuel Production Credit	Form 8835
(45U)	Zero Emission Nuclear Power Production Credit	Form 7213
(45W)	Qualified Commercial Clean Vehicles Credit	Form 8936
(45Y)	Clean Electricity Production Credit	Form 7211
(45Q)	Carbon Oxide Sequestration Credit	Form 8933
(45V)	Clean Hydrogen Production Credit	Form 7210
(45X)	Advanced Manufacturing Production Credit	Form 7207
(30C)	Alternative Fuel Refueling Property Credit	Form 8911

Form **3800**
 Department of the Treasury
 Internal Revenue Service

General Business Credit

Go to www.irs.gov/Form3800 for instructions and the latest information.
 You must attach all pages of Form 3800, pages 1, 2, and 3, to your tax return.

Elective Pay and Transfer Options

The Process

The Pre-Filing Registration Tool

“Earn”
a Credit



Select a
Credit

The registrant will need a separate pre-filing registration number for each facility/property

Select a
Facility



(30C) Alternative Fuel Refueling Property Credit	Form 8911	(45) Renewable Electricity Production Credit	Form 8835
(45Q) Carbon Oxide Sequestration Credit	Form 8933	(45U) Zero Emission Nuclear Power Production Credit	Form 7213
(45V) Clean Hydrogen Production Credit	Form 7210	(45W) Qualified Commercial Clean Vehicles Credit	Form 8936 Form 8936 (Sch A)
(45Z) Clean Fuel Production Credit	Form 8835 (future revision)		
(45X) Advanced Manufacturing Production Credit	Form 7207	(45Y) Clean Electricity Production Credit	Form 7211 (pending)
(48) Energy Credit			Form 3468
(48C) Qualifying Advanced Energy Project Credit			
(48E) Clean Electricity Investment Credit (future form revision)			
(48D (CHIPS)) Advanced Manufacturing Investment Credit			

IRA Credits

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> (30C) Alternative Fuel Refueling Property Credit
Investment tax credit for alternative fuel refueling property placed in service in a population census tract that is a low-income community for purposes of the new markets tax credit, or in a population census tract that is not an urban area. | <input type="checkbox"/> (45) Renewable Electricity Production Credit
Production tax credit for production of electricity from qualified energy resources at a qualified facility during the 10-year credit period which is sold to an unrelated party. |
| <input type="checkbox"/> (45Q) Carbon Oxide Sequestration Credit
Production tax credit for capture and sequestration of carbon oxide at a qualified facility. | <input type="checkbox"/> (45U) Zero Emission Nuclear Power Production Credit
Production tax credit for electricity produced by the taxpayer at a qualified nuclear power facility (which excludes an advanced nuclear facility defined in section 45J). |
| <input type="checkbox"/> (45V) Clean Hydrogen Production Credit
Production tax credit for the domestic manufacturing and sale of certain solar and wind energy components, certain inverters, qualifying battery components, and applicable critical minerals. | <input type="checkbox"/> (45W) Qualified Commercial Clean Vehicles Credit
Investment tax credit for purchase of one or more qualified commercial clean vehicles. |
| <input type="checkbox"/> (45X) Advanced Manufacturing Production Credit
Creates a new credit to include production of other clean energy products and materials. (E.g., wind, solar, battery storage, inverters, applicable critical minerals components) | <input type="checkbox"/> (45Y) Clean Electricity Production Credit
Production tax credit for production of electricity at facilities with a greenhouse gas emissions rate not greater than zero. |
| <input type="checkbox"/> (45Z) Clean Fuel Production Credit
Production tax credit limited to registered producers of certain clean transportation fuels produced in the United States. | <input type="checkbox"/> (48) Energy Credit
Extends and expands the 48 Energy credit based upon the investment in qualified energy property. |
| <input type="checkbox"/> (48C) Advanced Energy Project Credit
Investment tax credit for qualifying investments in qualifying advanced energy projects that receive an allocation based on a competitive application process. | <input type="checkbox"/> (48E) Clean Electricity Investment Credit
Investment tax credit for qualified investment in qualifying zero-emissions electricity generation facilities or energy storage technology. |

38 Facilities/Properties [BULK UPLOAD](#) [ADD FACILITY/PROPERTY](#)

- Facility/Property 1 [Remove](#)

[Edit](#)

Information

Address 1492 Tilden Road
Chapel Hill, AZ 92847

County Orange

GPS Coordinates 40.521398, -74.82017

Subsidiary Name Cattelown Inc

Subsidiary EIN 123456789

Date Construction Began Oct, 1 2021

Date Placed in Service Oct, 23 2022

Census Tract 1234.12

Type of Fuel Biodiesel Blend

Source of Funds Used Restricted grant funds

Additional Information, if any Lorem Ipsum dolor set

Supporting Documents [Add/Edit Documents](#)

You haven't added any documents to this facility/property

+ Facility/Property 2 [Remove](#)



IRS Resources: Pubs 5817;5817-A,B,C,D,E,F;Pub 5817-G

IRS.gov/ElectivePay

Elective Pay Overview

The answer to your questions before an election and subsequent elective pay, and the requirements and what to do to get the credit. You may also want to know how to get the credit if you are a taxpayer who is not a taxpayer.

What is elective pay?

Elective pay allows eligible entities, including governmental entities that would otherwise be eligible to claim the credit, to elect to pay the credit in advance of the tax year in which the credit is claimed. In addition, the amount of the credit is treated as if it were paid in the year in which the credit is claimed.

Tax-Exempt Organizations

Who is eligible? Applicable entities can use elective pay. Applicable entities include eligible organizations, states and local governments, Indian tribal governments, Alaska Native Corporations, the Tennessee Valley Authority, and the District of Columbia. It also includes eligible states and instrumentalities of states, local, tribal, and U.S. territorial governments.

How do I make the elective payment election?

Elective pay election notices must be received and received on the date of the election. The notice must be received on the date of the election. The notice must be received on the date of the election. The notice must be received on the date of the election.

What tax credits can elective pay be used for?

See Publication 5817 for a list of tax credits that can be used for elective pay.

State & Local Governments

The answer to the questions before an election and subsequent elective pay, and the requirements and what to do to get the credit. You may also want to know how to get the credit if you are a taxpayer who is not a taxpayer.

Indian Tribal Governments

The answer to the questions before an election and subsequent elective pay, and the requirements and what to do to get the credit. You may also want to know how to get the credit if you are a taxpayer who is not a taxpayer.

Are state and local governments eligible?

Yes. States, political subdivisions and their agencies and instrumentalities are eligible for elective pay. This includes the District of Columbia. It also includes eligible states and instrumentalities of states or political subdivisions.

Are Indian Tribal Governments Eligible?

Yes. An Indian tribal government, subdivision thereof, or any agency or instrumentality of a tribal government or subdivision is eligible for elective pay. For this purpose, the term "Indian tribal government" means the recognized governing body of an Indian or Alaska Native tribe, band, pueblo, colony, shoshone, territory, unincorporated town, or unincorporated settlement.

How do I make the elective payment election?

Elective pay election notices must be received and received on the date of the election. The notice must be received on the date of the election. The notice must be received on the date of the election.

What tax credits can elective pay be used for?

See Publication 5817 for a list of tax credits that can be used for elective pay.

Resources

- [Advance Pay and Waiver Notices](#)
- [IRS.gov/ElectivePay](#)

Tax Provision	Description
Production Tax Credit for Electricity from Renewable Energy (E-PTC) (2023) (2022)	For production of electricity from eligible renewable sources, including wind, biomass, geothermal, solar (small hydro), geothermal, hydro, and hydroelectric energy. Credit Amount: 10% of the production of electricity from eligible renewable sources. Credit Amount: 10% of the production of electricity from eligible renewable sources.
Clean Electricity Production Tax Credit (E-CPTC) (2023) (2022)	Technology-related tax credit for production of clean electricity. Applies to 100% for facilities that begin construction and are placed in service after 2022. Credit Amount: 10% of the production of electricity from eligible renewable sources.
Investment Tax Credit for Energy Property (E-ITC) (2023) (2022)	For investment in renewable energy projects including fuel cell, solar, geothermal, small wind, energy storage, storage, hydrogen production, and combined heat and power production. Credit Amount: 10% of qualified investment basis. 50% if PPA requirements are met.
Clean Electricity Investment Tax Credit (E-CITC) (2023) (2022)	Technology-related tax credit for investment in facilities that generate clean electricity and qualified energy storage technologies. Applies to 100% for facilities that begin construction and are placed in service after 2022. Credit Amount: 10% of qualified investment basis. 50% if PPA requirements are met.
Low Income Communities Solar Credit (E-LICSC) (2023) (2022)	Additional investment tax credit for solar-panel solar and wind or clean electricity (E-CITC) facilities located in a low-income community, a rural area, or a low-income community. Credit Amount: 10% of the production of electricity from eligible renewable sources.
Credit for Carbon Sequestration (E-CCS) (2023) (2022)	Credit for carbon sequestration equipment with permitted and used in the United States. Credit Amount: 10% of the production of electricity from eligible renewable sources.
Zero-Emission Nuclear Power Production Credit (E-ZEP) (2023) (2022)	For electricity from nuclear power facilities. Facility construction prior to August 15, 2022. Credit Amount: 10% of the production of electricity from eligible renewable sources.
Advanced Energy Project Credit (E-AEPC) (2023) (2022)	For investments in advanced energy projects. Total of \$100 million will be allocated, not less than \$2 million of which will be allocated to eligible energy companies. Credit Amount: 10% of the production of electricity from eligible renewable sources.
Advanced Manufacturing Production Credit (E-AMPC) (2023) (2022)	Production tax credit for domestic clean energy manufacturing of components necessary for clean energy, including energy storage, and other equipment. Credit Amount: 10% of the production of electricity from eligible renewable sources.
Credit for Qualified Commercial Clean Vehicles (E-QCCV) (2023) (2022)	For purchasers of commercial clean vehicles. Qualifying vehicles include passenger vehicles, buses, vans, and certain other vehicles for use in interstate, state, and highway. Credit Amount: 10% of the production of electricity from eligible renewable sources.
Alternative Fuel Vehicle Refueling Property Credit (E-ATFVRC) (2023) (2022)	For alternative fuel vehicles including and charging property. Qualifying vehicles include electric, hydrogen, and other clean energy vehicles, including property. Credit Amount: 10% of the production of electricity from eligible renewable sources.
Clean Hydrogen Production Tax Credit (E-CHPTC) (2023) (2022)	For producing clean hydrogen in a qualified U.S. based clean hydrogen production facility. Credit Amount: 10% of the production of electricity from eligible renewable sources.
Clean Fuel Production Credit (E-CFPC) (2023) (2022)	Technology-related tax credit for domestic production of clean transportation fuels, including sustainable aviation fuels, beginning in 2023. Credit Amount: 10% of the production of electricity from eligible renewable sources.

Q1. Who is eligible to use elective pay? What is an applicable entity? (added June 14, 2023)

A. Applicable entities can use elective pay. Applicable entities include tax-exempt organizations, States, and political subdivisions such as local governments, Indian tribal governments, Alaska Native Corporations, the Tennessee Valley Authority, rural electric co-operatives, U.S. territories and their political subdivisions, and agencies and instrumentalities of state, local, tribal, and U.S. territorial governments. See Q10 for information about other taxpayers.



Example Timeline: Local Government Project Placed Into Service in 2023

August 14, 2024

Issue Number: IR-2024-210

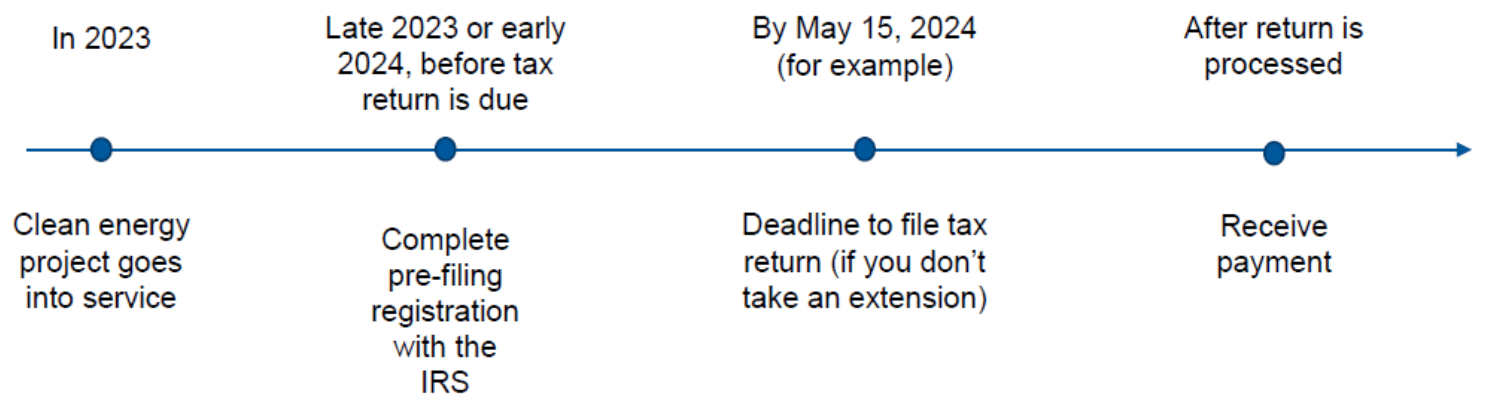
Inside This Issue

IRS encourages organizations planning to claim elective pay to complete pre-filing registration now for 2023 tax year

WASHINGTON — The Internal Revenue Service strongly urges qualifying businesses, tax-exempt organizations, and state, local and Indian tribal governments to complete the [pre-filing registration process](#) now for projects placed in service in 2023 if they plan to claim elective pay.

A local government that makes a clean energy investment that qualifies for the investment tax credit can file an annual tax return (via Form 990-T) with the IRS to claim elective pay for the full value of the investment tax credit, as long as it meets all of the requirements, including a pre-filing registration requirement.

As the local government would not owe other federal income tax, the IRS would then make a payment in the amount of the credit to the local government.



NOT-FOR-PROFITS

990-T Filing Process

- The IRS is requiring entities to e-file 990-T to receive the credits.
- Even if not required to do an annual filing, you would still need to fill out a 990-T individually.
- Most Exempt Organizations will have an entity type applicable to form 990-T but not all, hence the new 6417(d)(1)(A) entity option.
 - This is to cover government organizations such as cities looking to claim the credit
- You'll need form 3800 completed along with corresponding form 3468



NOT-FOR-PROFITS

990-T Filing Process

Form 990-T	Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))	OMB No. 1545-0047
Department of the Treasury Internal Revenue Service	For calendar year 2023 or other tax year beginning _____, 2023, and ending _____, 20_____ Go to www.irs.gov/Form990T for instructions and the latest information. Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).	2023 Open to Public Inspection for 501(c)(3) Organizations Only
A <input type="checkbox"/> Check box if address changed.	Print or Type Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) Number, street, and room or suite no. If a P.O. box, see instructions. City or town, state or province, country, and ZIP or foreign postal code	D Employer identification number E Group exemption number (see instructions) F <input type="checkbox"/> Check box if an amended return.
B Exempt under section <input type="checkbox"/> 501() () <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a) <input type="checkbox"/> 529A	C Book value of all assets at end of year	
G Check organization type <input type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust <input type="checkbox"/> State college/university <input checked="" type="checkbox"/> 6417(d)(1)(A) Applicable entity		
H Check if filing only to claim <input type="checkbox"/> Credit from Form 8941 <input type="checkbox"/> Refund shown on Form 2439 <input type="checkbox"/> Elective payment amount from Form 3800		
I Check if a 501(c)(3) organization filing a consolidated return with a 501(c)(2) titleholding corporation <input type="checkbox"/>		
J Enter the number of attached Schedules A (Form 990-T) _____		
K During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," enter the name and identifying number of the parent corporation _____		
L The books are in care of _____		Telephone number _____




NOT-FOR-PROFITS

990-T Filing Process

Form 990-T (2023)

Page 2

Part III Tax and Payments <i>(continued)</i>			
6a	Payments: Preceding year's overpayment credited to the current year	6a	
b	Current year's estimated tax payments. Check if section 643(g) election applies <input type="checkbox"/>	6b	
c	Tax deposited with Form 8868	6c	
d	Foreign organizations: Tax paid or withheld at source (see instructions)	6d	
e	Backup withholding (see instructions).	6e	
f	Credit for small employer health insurance premiums (attach Form 8941)	6f	
g	Elective payment election amount from Form 3800 	6g	
h	Payment from Form 2439	6h	
i	Credit from Form 4136	6i	
j	Other (see instructions)	6j	
7	Total payments. Add lines 6a through 6j	7	
8	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	8	
9	Tax due. If line 7 is smaller than the total of lines 4, 5, and 8, enter amount owed	9	
10	Overpayment. If line 7 is larger than the total of lines 4, 5, and 8, enter amount overpaid	10	
11	Enter the amount of line 10 you want: Credited to 2024 estimated tax Refunded	11	

NOT-FOR-PROFITS

990-T Filing Issue

- The new 6417(d)(1)(A) entity option isn't ready with most e-filing providers
- You'll need to contact the IRS using the conveniently short email:
irs.elective.payment.or.transfer.of.credit@irs.gov
- After contacting them and explaining that you can't e-file with your provider for this entity type, they will give instructions for how to paper file with an exemption.
 - We are working through our first now, more information on future webinars



CASE STUDY – K-12 SCHOOL DISTRICT



Illinois School District

- \$4M mechanical system improvement project PIS 10/2023
- Geothermal Heat Pumps and Well
- 30% ITC + 10% Domestic Content Bonus

<u>PROPERTY</u>	<u>ELIGIBLE PROJECT COST</u>	<u>ITC BASE CREDIT (30%)</u>	<u>DOMESTIC CONTENT BONUS (10%)</u>	<u>ENERGY COMMUNITY BONUS (10%)</u>	<u>BOND FINANCING ADJUSTMENT</u>	<u>FEDERAL TAX CREDIT</u>
Geothermal	\$4M	\$1.2M	\$400K	\$0M	\$0M	\$1.6M

- District fiscal year end 6/30, pre-filing portal registration complete, awaiting registration # to file their return

CASE STUDY – LUTHERAN CHURCH



Lutheran Church in Texas

- \$550,000 Solar Panel PV system project PIS 4/2024
- Located in Energy Community
- 30% ITC + 10% Energy Community Bonus

<u>PROPERTY</u>	<u>ELIGIBLE PROJECT COST</u>	<u>ITC BASE CREDIT (30%)</u>	<u>DOMESTIC CONTENT BONUS (10%)</u>	<u>ENERGY COMMUNITY BONUS (10%)</u>	<u>BOND FINANCING ADJUSTMENT</u>	<u>FEDERAL TAX CREDIT</u>
PV Property	\$550K	\$165K	\$0K	\$55K	\$0K	\$220K

- District fiscal year end 6/30, pre-filing portal registration complete, awaiting registration # to file their return

CASE STUDY – CITY IN WISCONSIN



Municipality/Local Government

- \$347,000 Solar Panel PV system project PIS 4/2023
- Received Bond Financing for the project
- 30% ITC, Not Located in Energy Community

<u>PROPERTY</u>	<u>ELIGIBLE PROJECT COST</u>	<u>ITC BASE CREDIT (30%)</u>	<u>DOMESTIC CONTENT BONUS (10%)</u>	<u>ENERGY COMMUNITY BONUS (10%)</u>	<u>BOND FINANCING ADJUSTMENT</u>	<u>FEDERAL TAX CREDIT</u>
PV Property	\$347K	\$104,100	\$0K	\$0K	\$15,600	\$88,500

- District fiscal year end 12/31, pre-filing portal registration complete, awaiting registration # to file their return

CASE STUDY – HOSPITAL



Not-for-profit Hospital in Minnesota

- \$150M Remodel and Add-on, Project started prior to January 29th, 2023 (no PWA)
- \$30M in Qualified Basis for CHP System (Co-Generation System)
- 30% ITC, no bonus credits, PIS 2024

<u>PROPERTY</u>	<u>ELIGIBLE PROJECT COST</u>	<u>ITC BASE CREDIT (30%)</u>	<u>DOMESTIC CONTENT BONUS (10%)</u>	<u>ENERGY COMMUNITY BONUS (10%)</u>	<u>BOND FINANCING ADJUSTMENT</u>	<u>FEDERAL TAX CREDIT</u>
CHP System	\$30M	\$9M	\$0M	\$0M	\$0M	\$9M

- Property that is an "integral part" of the energy property is considered energy property for purposes of the ITC
- Functionally Interdependent Test: The placing in service of each component is dependent upon the placing in service of each of the other components

WHAT IS CHAINING?

Will Chaining be allowed?

Chaining:

A transferee taxpayer that is also an applicable entity under section 6417 be permitted to make an elective payment election under section 6417(a) for a credit that the transferee taxpayer purchased from an eligible taxpayer under section 6418(a) (referred to in the section 6417 regulations as “chaining”).

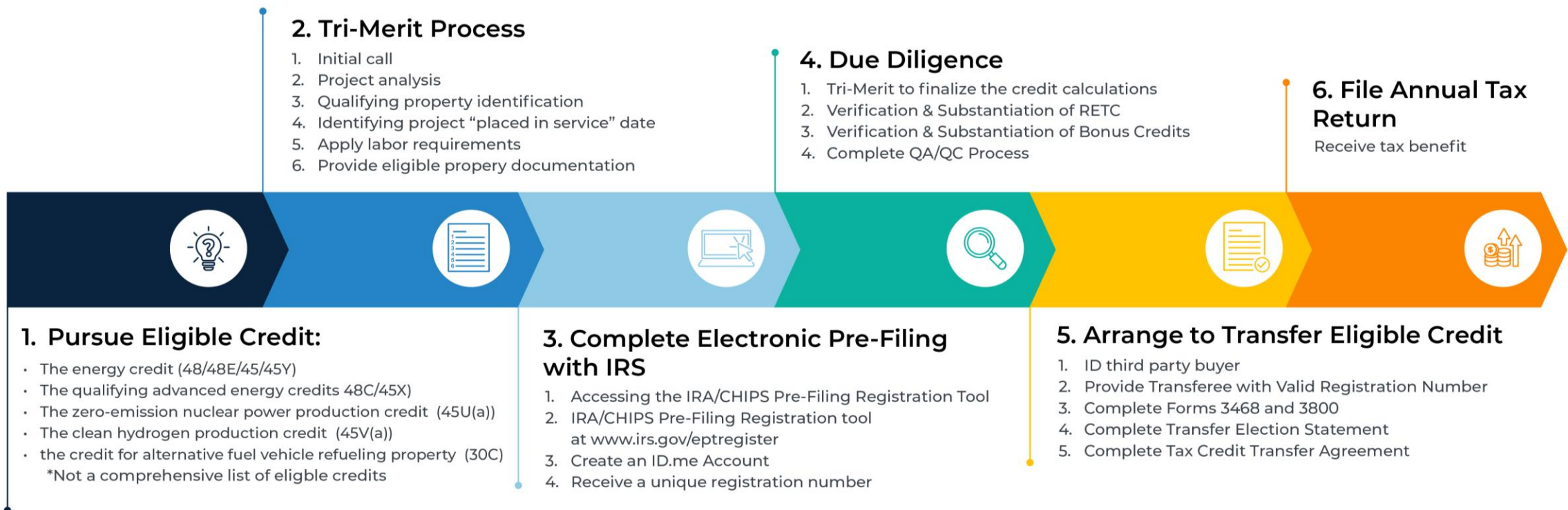
*Can yield up to a 20% or greater ROI for Not-for-Profit Entities

**Written comments submitted pursuant to procedures described in Notice 2024-27 are due by December 1, 2024.



FOR-PROFITS

Transferability Elective pay allows applicable entities, including tax-exempt and governmental entities to benefit from clean energy tax credits with a refundable tax credit



11 Credits Eligible for Transfer

- ▶ **The term “eligible credit” means each of the following:**
 - The **energy credit** determined under section 48
 - The qualifying **advanced energy project credit** determined under section 48C
 - The **clean electricity investment credit** determined under section 48E
 - The **renewable electricity production credit** determined under section 45(a)
 - The credit for **carbon oxide sequestration** determined under section 45Q(a)
 - The **zero-emission nuclear power production credit** determined under section 45U(a)
 - The **clean hydrogen production credit** determined under section 45V(a)
 - The **advanced manufacturing production credit** determined under section 45X(a)
 - The **clean electricity production credit** determined under section 45Y(a)
 - The **clean fuel production credit** determined under section 45Z(a)
 - the **credit for alternative fuel vehicle refueling property** allowed under section 30C which, pursuant to subsection (d)(1) of such section, is treated as a credit listed in section 38(b)

Sec. 6418 Final Regs Issued

Summary of Final Regulations

- **Recapture:** The proposed regulations clarify that the transferee of the eligible tax credit is responsible for any tax increase.
- **No Separation of Credit Adders:** Credit adders (i.e., domestic content, energy community, and low-income communities adder) cannot be transferred separately from the base credit.
- **Limitation On Additional Transfers:** The transferee taxpayer is prohibited from making a second transfer of any portion of a transferred credit
- **Partnership Impacts:** A partnership, not the partners, may elect to transfer any portion of the eligible credits.
- **Passive Activity Loss Rules:** Transferees subject to the passive activity loss rule
- **Paid in Cash Requirements:** The paid in cash requirements dictate that U.S. dollars paid in connection with a transfer election must be paid with cash, check, cashier's check, money order, wire transfer, ACH transfer, or other bank transfer of immediately available funds.
- **Advanced Commitment:** The proposed regulations permit advanced commitments to purchase eligible credits so long as all cash payments are made during the required time period.
- **Anti-Abuse:** The amount paid is tax exempt. However, the proposed regulations specifically note that such consideration can be recharacterized if the parties have engaged in the transaction or a series of transactions to avoid tax despite technically being considered "unrelated" for purposes of Section 6418 of the Code.
- **Registration and Election Process:** Taxpayers seeking to transfer credits must complete a pre-filing registration through an online portal with the IRS.

How to make an Election

Registration under Sec. 6418 Transferability of Credits

IRS' Process

Pursue an eligible project

- Complete electronic pre-filing with the IRS
- Valid Registration Number

Satisfy All Requirements to earn Eligible Credit

- Placed in Service Date

Arrange to Transfer Eligible Credit

- Verify CashID third party buyer available
- Provide Transferee with Valid Registration Number

Complete Transfer Election Statement

- See Steps

File Tax Return

- See Steps

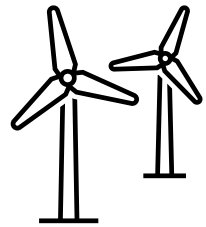
A transfer election statement to generally include:

- (1) information related to the transferee taxpayer and the eligible taxpayer;
- (2) a statement that provides the necessary information and amounts to allow the transferee taxpayer to take into account the specified credit portion with respect to the eligible credit property;
- (3) a statement that the parties are not related (within the meaning of section 267(b) or 707(b)(1));
- (4) a representation from the eligible taxpayer that it has complied with all relevant requirements to make a transfer election;
- (5) a statement from the eligible taxpayer and the transferee taxpayer acknowledging the notification of recapture requirements under section 6418(g)(3) and the section 6418 regulations (if applicable); and
- (6) a statement or representation from the eligible taxpayer that the eligible taxpayer has provided the required minimum documentation to the transferee taxpayer.



THE TRANSFER PROCESS

Tax Credit Transfer Election



Eligible
Credit
Property

Transferor

Eligible Taxpayer

- Elects to transfer
- Not Gross Receipts
- Multiple transfer elections
- Annual Renewal

Eligible
Credit

Transferee

The Taxpayer

- Not Deductible
- Recapture is responsibility of Transferee
- 100% of excess and 20% Penalty

Payment must be
CASH \$

*Recapture Period



Connecting Sellers and Buyers

Transferability

Transferability allow non-applicable entities benefit from clean energy tax credits by allowing them to see the credit to an unrelated party.

<u>Client</u>	<u>Tax Appetite</u>
---------------	---------------------

Buyer	\$500,000
Buyer	\$300,000
Buyer	\$5,000,000
Buyer	\$200,000
Buyer	\$4,000,000

\$10,000,000

Transfer Process



- Tax Credit Transfer Agreement
- Buyer/Sellers Contracts
- Insurance Policy
- Recapture Administration
- Transfer Administration

Renewable
Asset

Due Diligence
Study

Eligible Credit

\$10,000,000



PRICING

Pricing Considerations

To determine the actual cost of purchasing a tax credit for a specific project or transaction, it is essential to conduct due diligence, consult with tax professionals or financial advisors, and engage in negotiations with potential sellers.

- **Type of Tax Credit:** Different types of tax credits have different values and costs associated with them. For example, renewable energy credits, historic preservation credits, and low-income housing credits may all have different values and market prices.
- **Market Demand:** The cost of tax credits can be influenced by supply and demand dynamics. If there's high demand for certain tax credits, their price may be higher. Conversely, if there's a surplus of available tax credits, prices may be lower.
- **Face Value vs. Market Value:** Tax credits often have a face value, which is the nominal value assigned by the government for a specific credit. The market value, however, can be different and is determined by market forces. Buyers may negotiate to purchase tax credits at a price lower than their face value.
- **Negotiation:** The cost of purchasing tax credits is typically subject to negotiation between the buyer and the seller. Buyers and sellers may agree on a price that reflects the perceived value of the tax credits, the financial benefit to the buyer, and the willingness of the seller to sell at a certain price.

- **Location:** The cost of tax credits can vary by jurisdiction due to differences in state or local tax laws and incentives. Some areas may offer more favorable tax credits, while others may have fewer incentives, impacting the cost.
- **Tax Credit Program Specifics:** The rules and regulations governing tax credit programs can vary widely. The cost of purchasing tax credits may be affected by compliance requirements, eligibility criteria, and the timing of tax credit utilization.
- **Financial Market Conditions:** Economic conditions and interest rates can influence the cost of purchasing tax credits. In some cases, buyers may be willing to pay more for tax credits in a low-interest-rate environment.
- **Transaction Costs:** Keep in mind that there may be transaction costs associated with the purchase of tax credits, such as legal fees, administrative costs, and any fees charged by intermediaries or brokers involved in the transaction.



Example Credit

CHP ENERGY CREDIT PROJECT

Investment Tax Credit

ITC

Holyoke, Massachusetts

Combined Heat & Power

2023 Tax Year



Credit Details

Project Name	Distributed Power Project
Technology	Combined Heat and Power
Capacity	
Location	MA
Financing	Private Debt Financing
Tax Year	2023
Type of Credit	ITC
Credit Amount	\$3,900,000
PWA Requirement	Exempt
Domestic Content	Yes
Energy Community	No
Low Income Community	NA



Stand-alone combined heat and power system consisting of 5,000 square foot building on 1.25 acres of land. CHP system consists of power generation equipment with capacity of 3,900 kWh at 4,160 volts and 60 Hertz. Clean energy system for distributed power generation of clean electric power for electric grid while recovering waste heat to produce low-cost, low-carbon commodities, and capturing carbon dioxide emissions.

Tri-Merit Deliverables

Deliverable	Due Diligence
Form	3468 Investment Tax Credit
Form	3800 General Business Credit
Transfer Documentation	Transfer Election Statement
Audit Representation	Full Audit Support

Credit Amount

\$3,400,000

Financing	Private Debt Financing
PWA Requirement	Exempt
Domestic Content	No
Energy Community	No
Low Income Community	No

ITC Type
Investment Tax Credit

Placed in service
May 2023

Technology
**Combined Heat & Power
System Property**

Tax Credits Insurance
Will Be Provided

Renewable Energy Credits

Planning Strategies for 2024 and Beyond

- Review planned construction, expansion, and property transactions in advance for optimizing ITC opportunities.
- Understand all renewable energy project construction documents for prevailing wage and apprenticeship compliance, and bonus ITC opportunities.
- Identify the interplay with other incentives
 - Cost Segregation and MACRS analysis
 - 179D Energy Efficient Commercial Building Deduction (Allocation Letter)
 - §48C / §45X Advanced Energy Projects ITC
 - R&D tax credits opportunities



WIN DIAGRAM: RETC ECOSYSTEM

Rewarding Renewable Energy Innovation

ECOSYSTEMS VARY BY REGION

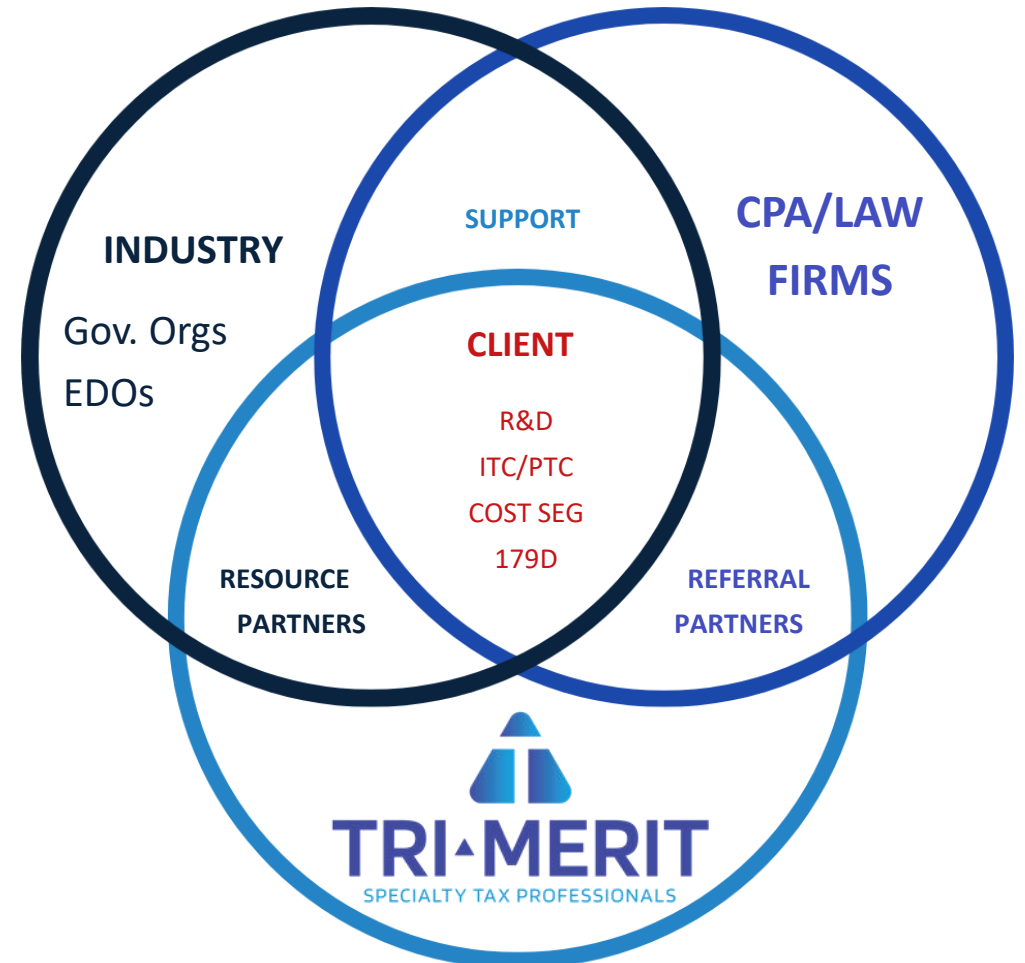
- Broad Industry Concentrations
- Different EDOs

ECONOMIC DEVELOPMENT ORGANIZATIONS

- Federal/State/Local Orgs & Labs
- Universities & Labs
- Incubators & Accelerators
- Tech Trade Associations + Others

LEVERAGING THESE NEW OPPORTUNITIES

- Engage your Ecosystem
- Partner with Tri-Merit & EDOs






CPAs & ADVISORS



THANK YOU

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