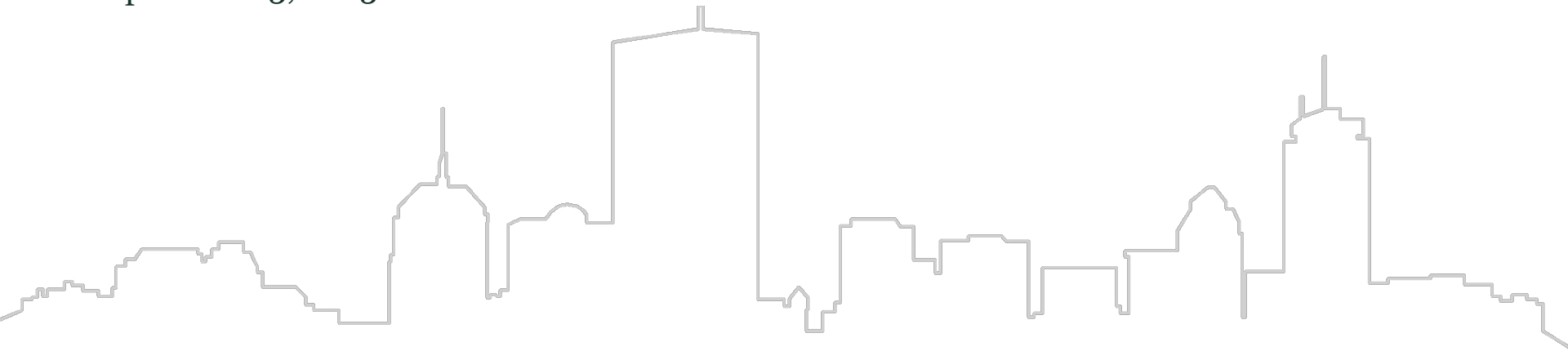
Leveraging the Inflation Reduction Act to Advance Institutional Climate Action

Presented by the Boston Green Ribbon Commission and Second Nature

September 13, 2023



Agenda

12:30	Program Description
12:35	Why Institutional Stakeholders Should Pay Attention to the IRA
12:45	Overview of IRA Opportunities to Accelerate Institutional Climate Action
1:10	How to Organize Your Institution to Leverage IRA Resources
1:30	Moderated Discussion/Q&A
2:00	Conclusion

Tim Carter

Tim Carter is president of Second Nature, a U.S.-based non-profit with a mission to accelerate climate action in, and through, higher education. As president, Dr. Carter provides strategic leadership for the organization, including a focus on decarbonization activity and climate leadership of the 400+ schools in Second Nature's Climate Leadership Network and University Climate Change Coalition. Prior to Second Nature, Dr. Carter was the founding director of Butler University's Center for Urban Ecology (CUE) where he built the CUE into a thriving academic center with over $3M in externally funded initiatives. Dr. Carter received his Ph.D. in Ecology with distinction from the Odum School of Ecology at the University of Georgia and completed his B.S. in Ecology and Evolutionary Biology from the University of Tennessee, Knoxville. He lives with his family in Cambridge, Massachusetts and is an avid home coffee-roaster.



Nate Hausman

Nate Hausman is Manager, Clean Energy Markets, for WRI's U.S. Energy Program. He leads projects to help ensure a clean, equitable, and resilient domestic energy future. Before WRI, Nate worked for eight years at the Clean Energy States Alliance (CESA) where he engaged with state energy agencies on their distributed solar policies and programs. Nate was selected for Renewable Energy World's 2018 "Solar 40 Under 40" list for his work "challenging and changing traditional solar business models" as a young professional. He was also recognized as a "Rising Star" by Vermont Business Magazine in 2020. Nate holds a J.D. with a certificate in Environmental & Natural Resources Law from Lewis & Clark Law School and a B.A. from Colorado College.



Ian Goldsmith

Ian Goldsmith is a Research Analyst with U.S. Energy Program. He holds a B.A. in Biology and Society from Cornell University as well as a Master of Public Policy from the McCourt School of Public Policy at Georgetown University. He lives in Washington, DC, and enjoys cooking, music, the performing arts, and spending time with friends and family.



Francine Pfeiffer

Francine Newsome Pfeiffer is the Vice President for Federal Relations at Rutgers. She directs the University's Office of Federal Relations in Washington, DC, where she has worked for more than 20 years. University engagement with federal funding agencies. Ms. Pfeiffer and her staff collaborate with administrators, faculty, staff, and students from across the institution to advance the University's federal interests.

Ms. Pfeiffer is a New Jersey native and a Rutgers graduate. She began her career in Washington with a White House internship with the Domestic Policy Council. She then worked briefly for the Washington Workshops Foundation, an educational foundation in Georgetown, before joining Rutgers' federal relations staff. Ms. Pfeiffer resides in Annapolis, MD, with her husband and two children.

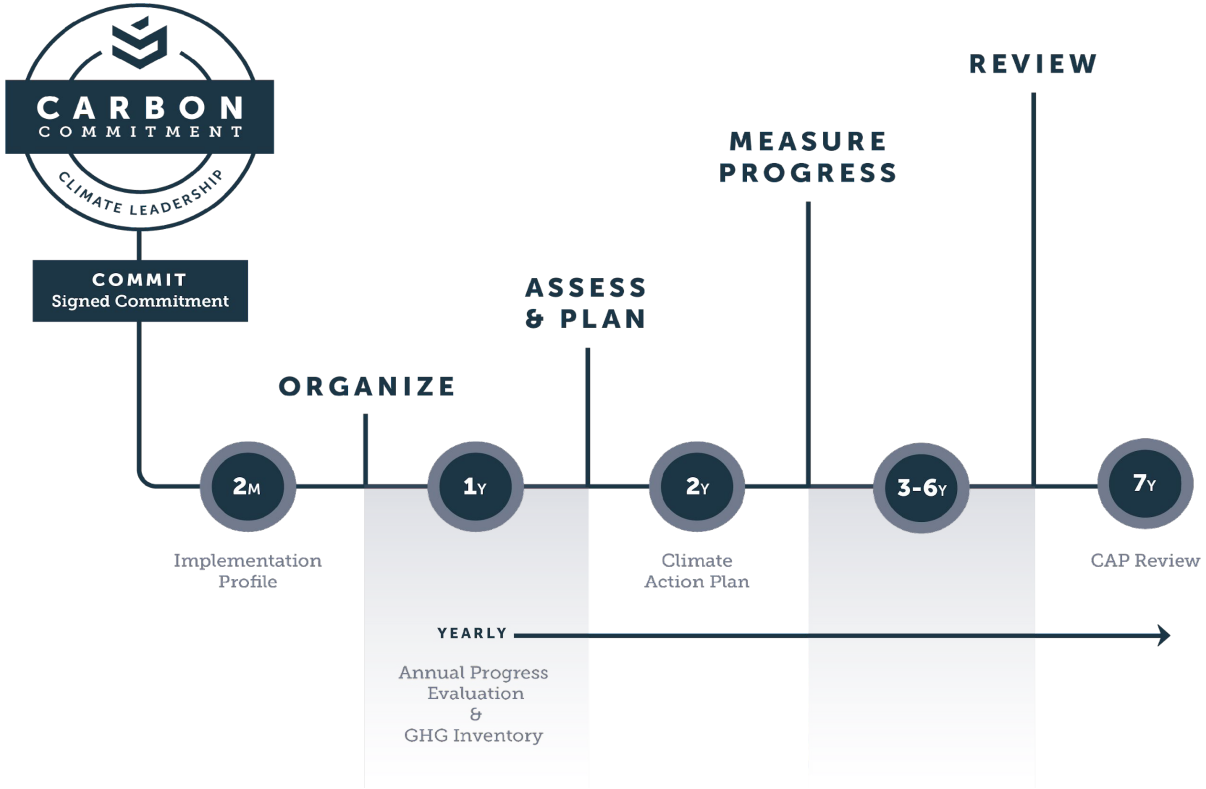


Climate Leadership in Higher Education: Context for the IRA

Tim Carter, Ph.D.
President, Second Nature
tcarter@secondnature.org


CLIMATE
COMMITMENT
AGNES
SCOTT
COLLEGE
Photo courtesy of Robert Hill
Second Nature

Climate Leadership
NETWORK



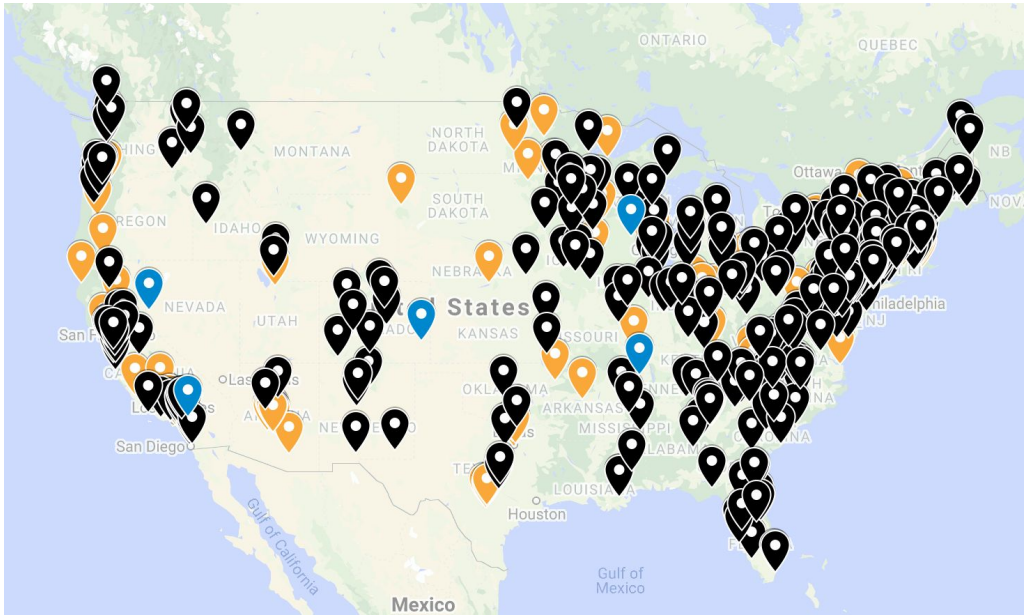
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Climate Leadership NETWORK

450+ members in the US

All have carbon neutrality and climate resilience commitments made by presidents / chancellors

CLIMATE COMMITMENT
CLIMATE LEADERSHIP





↓ 47% carbon

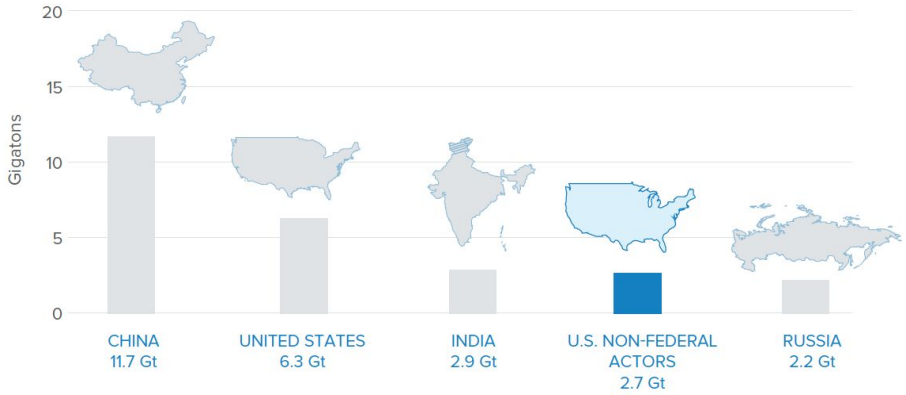
↓ 27% energy

(UNH & Sightlines, 2015)



Second Nature


NBC NEWS SPECIAL REPORT
PRESIDENT TRUMP ANNOUNCES U.S. WITHDRAWAL FROM PARIS CLIMATE AGREEMENT
LIVE
NBC NEWS



AMERICA'S PLEDGE

WE ARE STILL IN



POPULATION (2016)
159 Million
49% of all Americans



GROSS DOMESTIC PRODUCT (2016)
$10.1 Trillion
54% of total U.S. GDP



GHG EMISSIONS (2016)
2.3 GT
35% of U.S. GHG Emissions

https://www.americaspledgeonclimate.com/

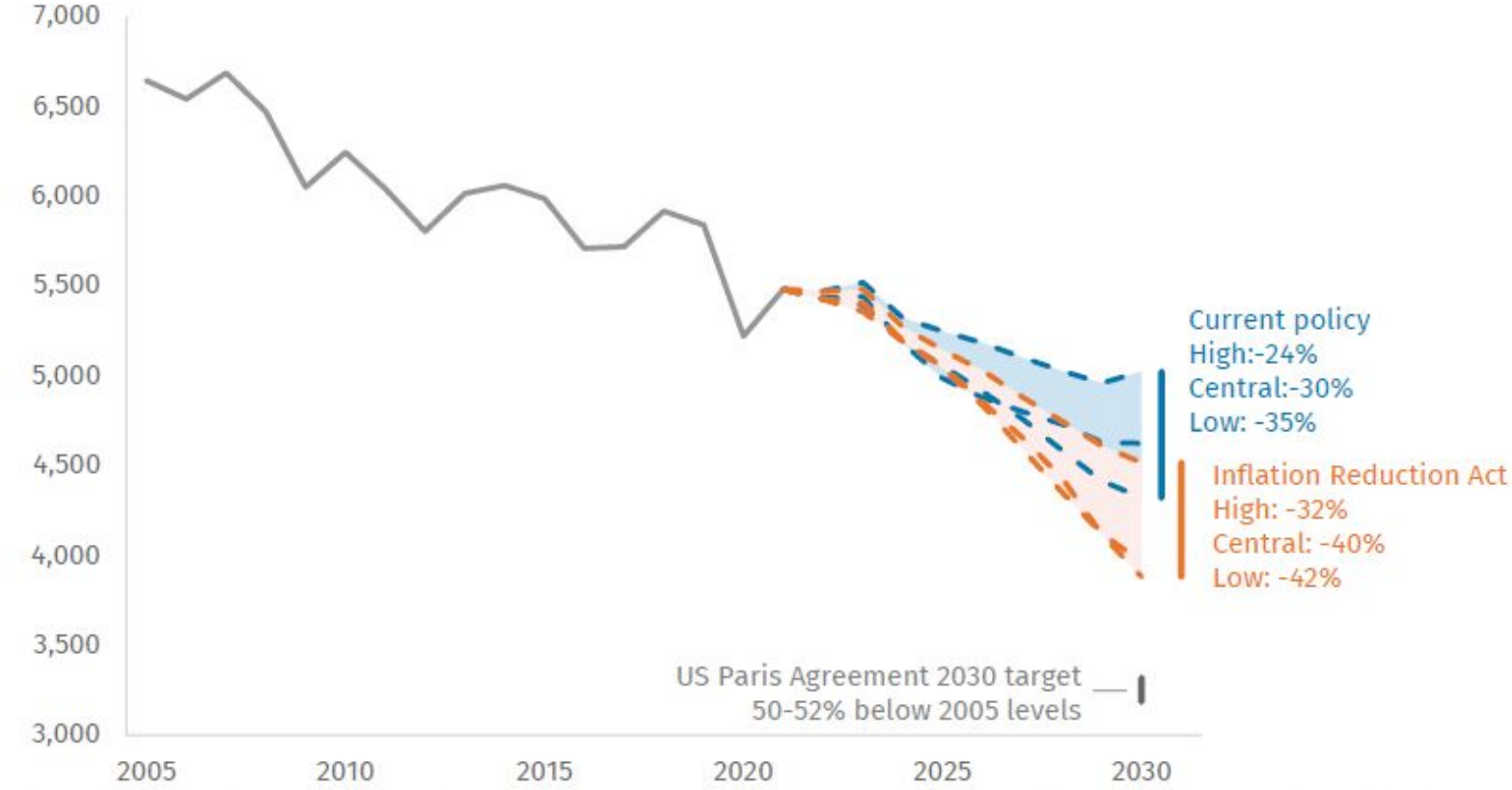

ACCELERATING AMERICA'S PLEDGE
WWF
U.S. Climate Action Center
#WEARESTILLIN



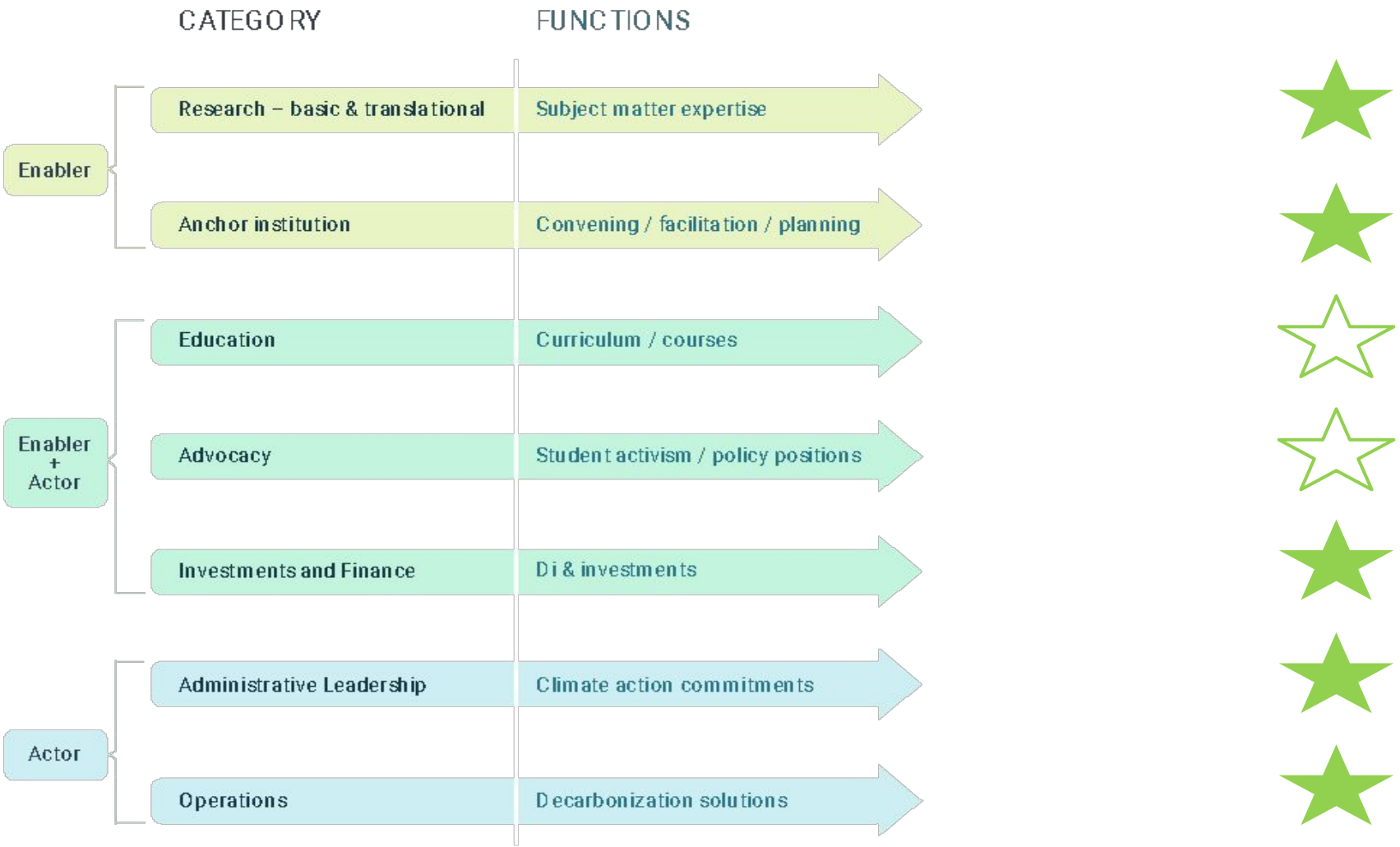
FIGURE 1

US greenhouse gas emissions

Net million metric tons (mmt) of CO_2-e



Source: Rhodium Group. The range reflects uncertainty around future fossil fuel prices, economic growth, and clean technology costs. It corresponds with high, central, and low emissions scenarios detailed in Taking Stock 2022.


CATEGORY
FUNCTIONS
Enabler
Research – basic & translational
Subject matter expertise
Anchor institution
Convening / facilitation / planning
Enabler + Actor
Education
Curriculum / courses
Advocacy
Student activism / policy positions
Investments and Finance
DI & investments
Actor
Administrative Leadership
Climate action commitments
Operations
Decarbonization solutions



WORLD RESOURCES INSTITUTE

The Inflation Reduction Act: An Overview of Opportunities to Accelerate Institutional Climate Action

Nate Hausman and Ian Goldsmith

September 13th, 2023

IMAGE: FLICKR/MICHAEL MULLER

AGENDA

- The Scope of Opportunity
- IRA Grants
- The Greenhouse Gas Reduction Fund
- Tax Credits
- Elective Pay

PROJECT OVERVIEW

- WRI is developing a guidebook to help local governments capitalize on IRA clean energy tax credit provisions, including elective pay, as well as other loan and grant opportunities. The guidebook will outline strategies for local governments to leverage IRA opportunities for clean energy deployment that advance decarbonization and equity goals.
- The guidebook is intended for local governments but will be broadly applicable to tax-exempt nonprofit institutions.
- WRI expects to publish the IRA Roadmap by the end of September.

Bloomberg Philanthropies

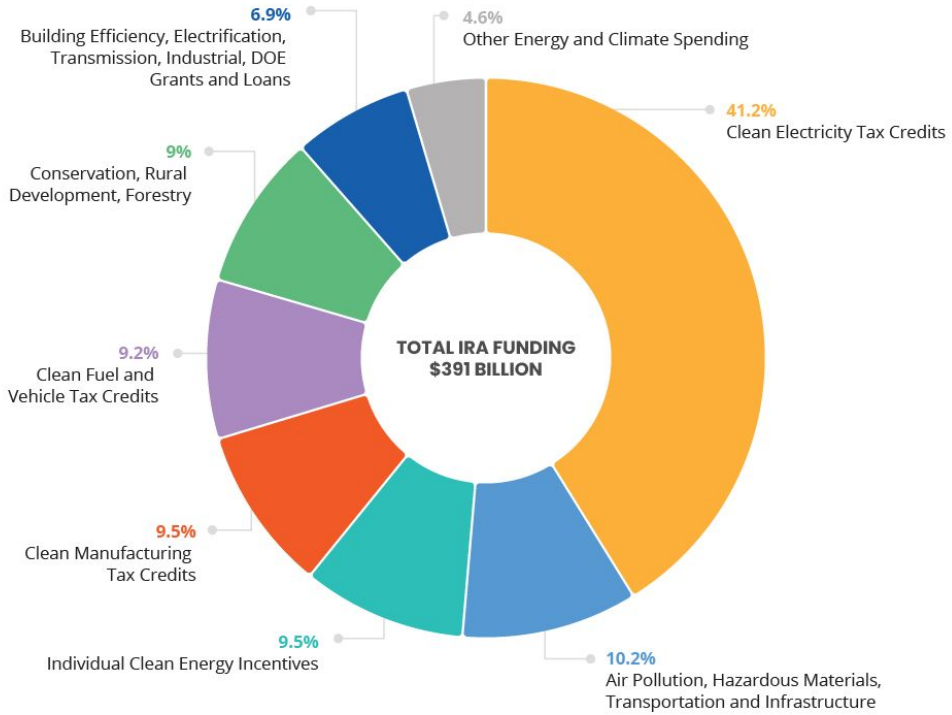
Local Infrastructure Hub



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THE SCOPE OF OPPORTUNITY

THE IRA INVESTS $400 BILLION IN CLIMATE AND CLEAN ENERGY SPENDING



THE OPPORTUNITY

- The Inflation Reduction Act represents the largest federal climate investment in the history of the United States.
- Clean energy projects can help nonprofits meet their decarbonization goals, but they can also advance other aims, including those that directly fall within their ambit, including economic development, education, energy security, environmental justice, public health, resilience, and equity.
- For the first time, tax-exempt institutions can receive cash refunds for the value of certain federal tax credits for the qualifying clean energy projects that they own and place in service—opening a cost-effective pathway for nonprofits to own their own clean energy facilities to serve their needs, and potentially, their mission.



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IRA GRANTS

GRANT PROGRAMS

- Funded at $50 million through the Bipartisan Infrastructure Law, the U.S. Department of Energy's **Renew America's Nonprofits Program** will provide up to $200,000 for energy efficiency projects in buildings owned and operated by nonprofits. To expand impact, DOE will award 5-15 larger grants to nonprofits that will assemble portfolios of energy-efficiency projects in nonprofit facilities.
- The Environmental Protection Agency's (EPA) **Environmental Justice Thriving Communities Grantmaking Program** offers pass-through competition to select 5-11 entities to provide grant funds to community-based nonprofit organizations representing under-served and disadvantaged communities. The program is funded at $550 million.
- The EPA's **Pollution Prevention Grants**, with up to $16 in program funding through the Bipartisan Infrastructure Law, provides technical assistance to states, including colleges and universities recognized as instrumentalities of the state, to help them reduce or eliminate pollutants from entering waste streams.
- The EPA's **Brownfields Program** is an existing program that received $1.2 billion in additional funding in the Bipartisan Infrastructure Law. Funding from this program covers all aspects of brownfields remediation. Brownfields Program Grants can work particularly well with the Energy Community bonus incentive since brownfields are an eligible category of "energy community."

GRANT PROGRAMS CONTINUED

- The U.S. Department of Agriculture administers many different loan and grant programs for utilities and energy project developers serving rural communities. These include programs that received increased funding from the IRA and the Bipartisan Infrastructure Law, including new **Empowering Rural America** funding.
- **Climate Pollution Reduction Planning and Implementation Grants.** Introduced in the IRA, the Climate Pollution Reduction Grants are a new $5 billion EPA-administered program with $250 million in planning grants and $4.75 billion in implementation grants. The implementation grants are available through September 2026 and are available to states, tribes, air pollution control agencies, and municipalities. Large metropolitan areas have dedicated funding as part of this program.
- **EPA Clean School Bus Program.** Introduced in the Bipartisan Infrastructure Law, the Environmental Protection Agency's Clean School Bus Program offers a new $5 billion grant competition for zero- and low-emission school buses and associated electric vehicle charging infrastructure.
- **DOT Charging and Fueling Infrastructure Grant Program.** Introduced in the IRA, the Department of Transportation's Charging and Fueling Infrastructure Grant Program offers a new $2.5 billion competitive grant opportunity to local governments and other entities for publicly accessible electric vehicle charging infrastructure along both transportation corridors and in communities .



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THE GREENHOUSE GAS REDUCTION FUND

GREENHOUSE GAS REDUCTION FUND

- The Greenhouse Gas Reduction Fund will allocate $27 billion to mobilize public and private investment in clean energy across three programs.
    1. The $14 billion **National Clean Investment Fund** competition will provide grants to 2–3 national nonprofit clean financing institutions to partner with business to provide accessible, affordable financing for thousands of clean technology projects across the U.S.
    2. The $6 billion **Clean Communities Investment Accelerator** will fund to 2–7 nonprofits to provide funding and technical assistance to local community lenders within low-income communities. The nonprofit fund recipients will help an array of community lenders to finance clean technology projects in low-income and disadvantaged communities.
    3. The $7 billion **Solar for All** competition will award up to 60 grants to states, territories, Tribal governments, municipalities, and eligible nonprofit recipients to expand the number of low-income and disadvantaged communities primed for distributed solar investment.
- Funding received through the Greenhouse Gas Reduction Fund may be able to provide upfront financing for projects, which can potentially be partially reimbursed through elective pay and other tax incentives.



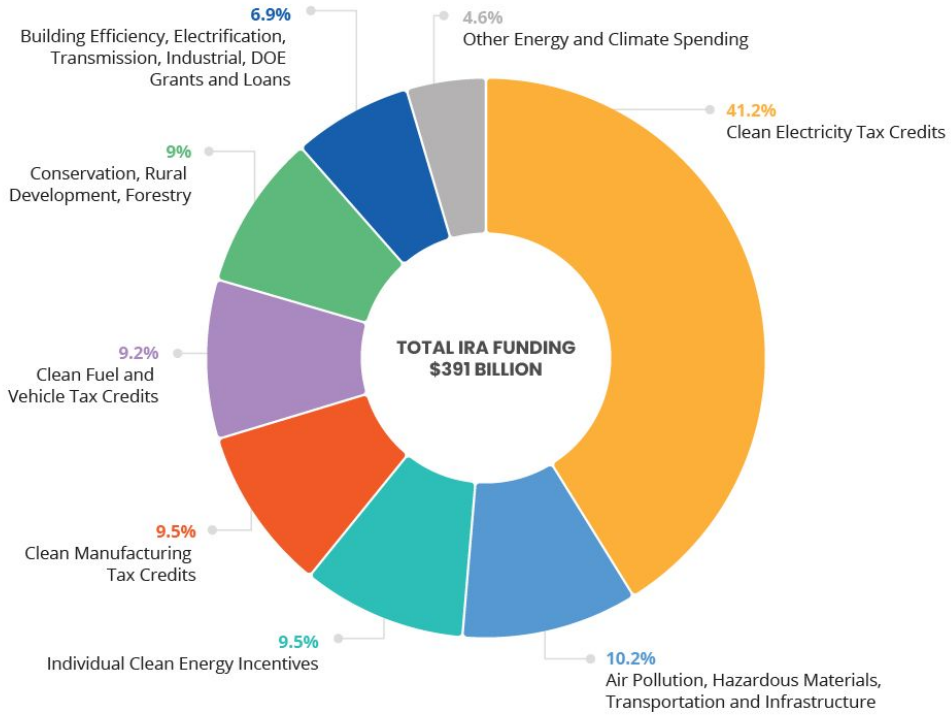
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TAX CREDITS

THE IRA EXPANDED AND INTRODUCED MANY CLIMATE AND CLEAN ENERGY TAX CREDITS

- Production Tax Credit (45), available through 2024
- Investment Tax Credit (48), available through 2024 except for GHPs
- Clean Electricity Production Tax Credit (45Y), available beginning 2025
- Clean Electricity Investment Tax Credit (48E), available beginning 2025
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- Advanced Manufacturing Production Tax Credit (45X)
- Advanced Energy Project Credit (48C)
- Commercial Clean Vehicle Credit (45W)
- Alternative Fuel Refueling Property Credit (30C)
- Energy Efficient Commercial Buildings Deduction (179D)

THE IRA INVESTS $400 BILLION IN CLIMATE AND CLEAN ENERGY SPENDING



THE ITC AND PTC ARE THE MOST RELEVANT TAX CREDITS FOR CLEAN ENERGY

The ITC and PTC are longstanding tax credits that work incentivize clean energy development. These tax credits have been key to the explosive growth of the renewable energy industry and form the basis of project finance.

Investment Tax Credit (ITC)

- Introduced in 1978
- Based on a percentage of eligible cost for a project
- Claimed and received once when a project is placed in service
- As of 2023, equal to 30% of the total eligible costs of a project if certain labor requirements are met

Production Tax Credit (PTC)

- Introduced in 1992
- Based on the amount of energy produced and sold by a system in a year
- Can be claimed every year for the first ten years of a system's life
- As of 2023, equal to 2.75 cents per kilowatt-hour (kWh)

THE IRA INTRODUCED MULTIPLE KEY CHANGES TO THE ITC AND PTC

Extension and certainty of timeframe

- Previously, the ITC and PTC were subject to continual periods of uncertainty about when they would be in place.
- The IRA provides certainty that the ITC and PTC will be in place at their full values until the later of 2032 or the year in which emissions from the U.S. electricity sectors reaches 25% or less of its 2022 levels.

Expansion of qualifying technologies

- The ITC and PTC have specific rules on what technologies qualify for each credit. Notably, solar PV could not qualify for the PTC, while wind could qualify for the ITC.
- The IRA expanded eligibility for each credit making solar PV eligible for the PTC and wind and storage eligible for the ITC.
- Additionally, beginning in 2025, both the ITC and PTC will be technology-neutral and apply to any technology that has a net-zero carbon emissions rating.

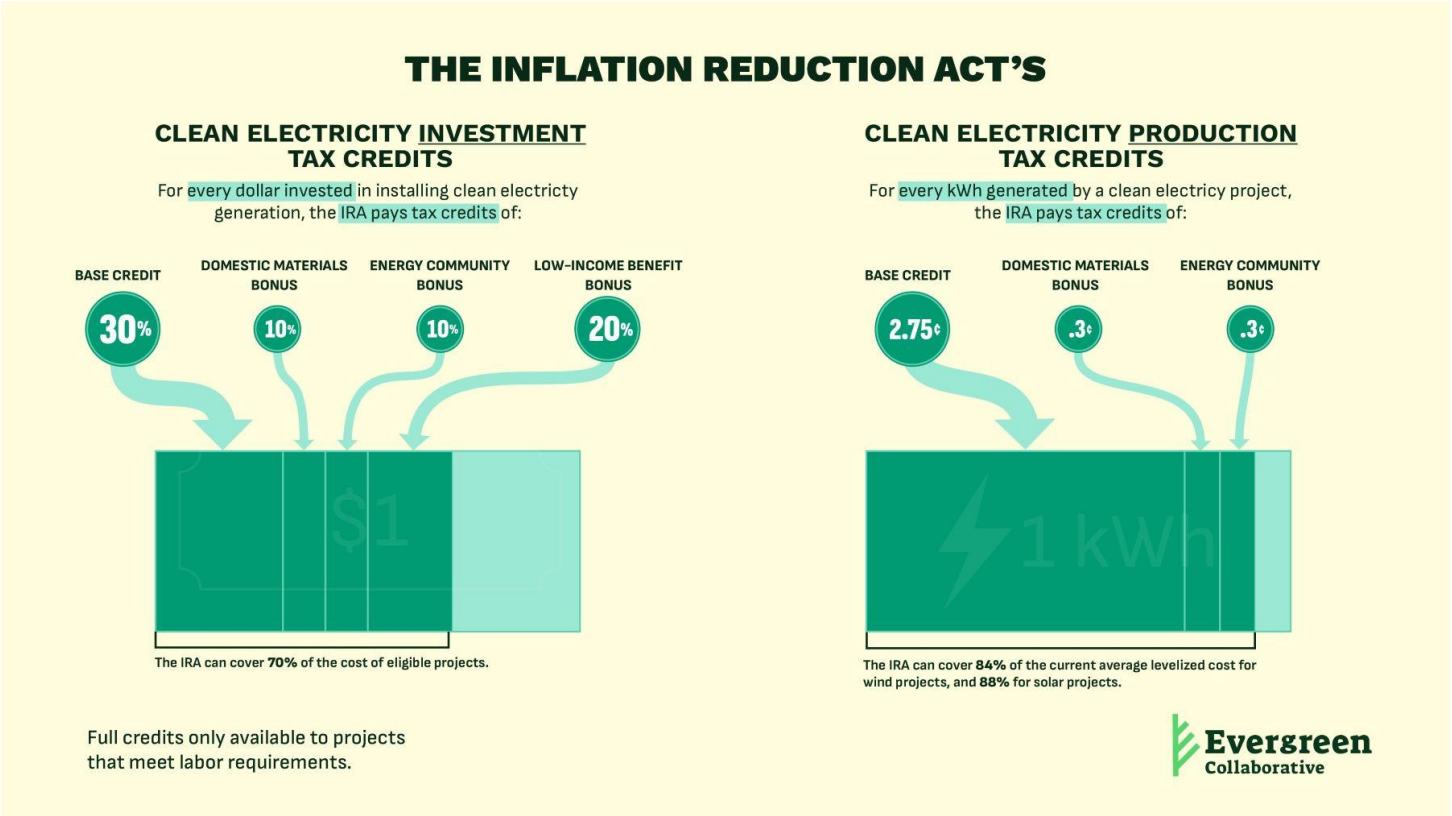
Base-and-bonus credit structure

- The IRA introduced a "base-and-bonus" structure for the ITC and PTC.
- Both credits start at 20% of their previous value, and only reach their full base value if prevailing wage and apprenticeship requirements are met.
- The ITC and PTC are also eligible for bonuses for things such as:
  - Being sited in an "energy community"
  - Using domestically manufactured components
  - Being sited in low-income communities (ITC only)
  - Directly benefiting low-income households (ITC only)

New tax credit monetization methods

- The IRA introduced two new ways for tax credits to be claimed.
- **Elective pay** allows tax-exempt entities to receive the value of certain climate and clean energy tax credits as a direct cash refund from the IRS.
- **Transferability** allows private entities to sell their tax credits to a third-party for a cash payment.

ITC AND PTC ILLUSTRATION



Source: Evergreen Action, "What Are Clean Energy Tax Credits and How Do They Work?". https://www.evergreenaction.com/blog/what-are-clean-energy-tax-credits.

DOMESTIC CONTENT BONUS CREDIT

The domestic content adder requires any steel, iron, or manufactured product which is a component of the applicable project to be produced in the U.S.

If domestic content requirements are met, projects are eligible for **a 10% bonus credi**t.

However, for **direct pay domestic content acts more as a requirement than a bonus after 12/31/2025.** Statute allows for some exceptions, but we have yet to see guidance from Treasury on this.

For domestic pay, the total value of the ITC and PTC credits will reduce to following amounts if domestic content requirements are not met for facilities that begin construction in:

- 2024: 90% of value
- 2025: 85% of value
- 2026 and beyond: 0% of value

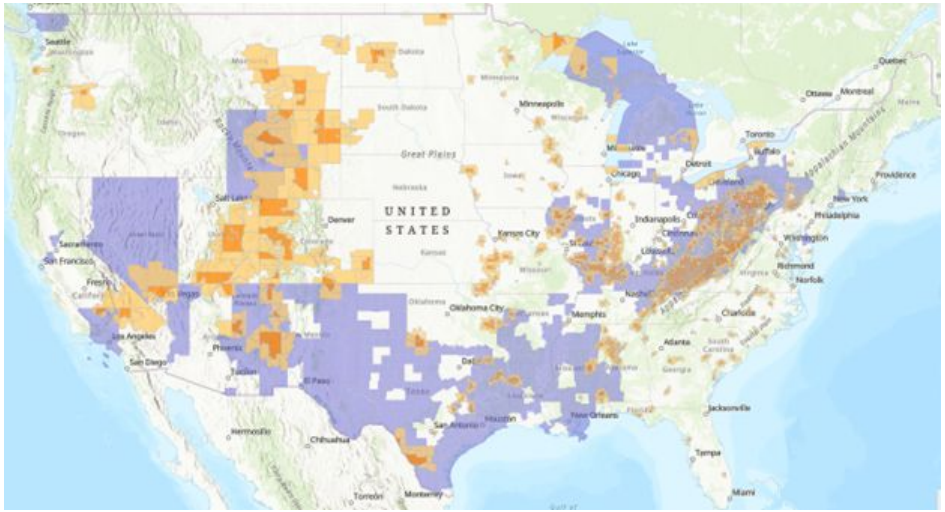


IR 2023-102, IRS provides initial guidance for the domestic content bonus credit (May 12, 2023)

ENERGY COMMUNITY BONUS CREDIT

"Energy Community" qualifications:

1. Brownfield sites
2. A metropolitan or non-metropolitan statistical area which
    1. has 0.17% or more direct employment or 25% or more local tax revenues related to the extraction, processing, transport, or storage of coal, oil or natural gas *and*
    2. has an unemployment rate above the national average for the previous year
3. Census tracts impacted by a coal plant closure since 1999



*map does not include brownfields

[U.S. Department of the Treasury, IRS Release Updated Guidance to Drive Additional Investment to Energy Communities | U.S. Department of the Treasury]

LOW-INCOME COMMUNITIES BONUS CREDIT PROGRAM

- The Low-Income Community Bonus Credit Program includes two new low-income benefit bonus incentives for the ITC introduced in the IRA
- Both incentives work as percentage point additions to the base rate of the ITC only. These increases are:
  - A 10% increase for qualifying projects located in low-income communities or on Indian land
  - A 20% increase for qualified low-income residential housing projects or qualified low-income benefit projects.
- Treasury will run an application process for the Low-Income Community Bonus Credit Program.
  - The program will have a capacity limit of 1.8GW in total for each year starting in 2023, with subdivided capacity limitations by category of project proposed by Treasury
  - At least 50% of facilities in each category must fulfill one of two additional criteria, based on ownership and geography
    - The ownership selection criteria includes tribes, co-ops, low-income serving renewable energy businesses, and tax-exempt entities eligible for direct pay.
    - The geographic criteria is based on Persistent Poverty Counties as well as census tracts identified as low-income as well as energy-burdened or PM2.5 pollution burdened through CEJST.

OTHER TAX CREDITS MAY ALSO BE RELEVANT FOR PUBLIC AND NON-PROFIT ENTITIES

Commercial Qualified Clean Vehicles Credit (Section 45W)

- This credit applies to clean vehicles (including battery electric vehicles) purchased by a private company, non-profit, or government.
- Up to $7,500 for vehicles under 14, 000 pounds and $40,000 for vechiles over 14,000 pounds

Alternative Fuel Vehicle Refueling Property Credit (Section 30C)

- Applies to fueling equipment for clean fuels (including electricity) installed in non-urban and/or low-income census tracts
- Worth 30% of the total eligible costs of the property if prevaling wage and apprenticeship requirements are met

Energy Efficient Commercial Buildings Deduction (Section 179D)

- Allows for tax deduction from energy savings produced by qualifying building upgrades
- The IRA increased the credit amount and allows for non-profit organizations to use the deduction by allocating it to the designer of energy saving systems, similarly to government buildings.



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ELECTIVE PAY

ELECTIVE PAY BRINGS TAX CREDIT DIRECTLY TO NON-PROFITS AND GOVERNMENTS

- Elective pay is a means of delivering **12 IRA tax credits** to tax-exempt entities. It makes the tax credits available as **direct cash refunds**.
- Tax-exempt entities eligible for elective pay include:
  - State, local, territorial, and tribal governments,
  - Any agency or instrumentality of state or local government, such as municipal utilities, school districts, parks and recreation departments, public universities, and special purpose districts established by governments.
  - All organizations exempt from tax under section 501, including 501(c)(3) non-profit organizations.

IR-2023-116, IRS releases guidance on elective payments and transfers of certain credits under the Inflation Reduction Act (June 14, 2023)

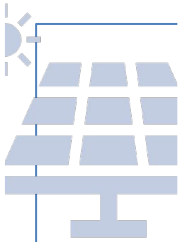
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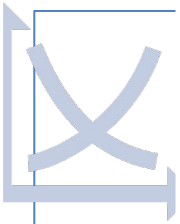
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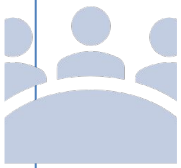
ELECTIVE PAY HAS SIGNIFICANT IMPACTS ON NON-PROFIT AND PUBLIC SECTOR FINANCING



Elective pay expands the realm of what technologies are accessible and affordable to implement.



Elective pay incentivizes direct ownership of eligible infrastructure and disrupts aspects of traditional public and non-profit sector energy financing methods.



Elective pay gives public and non-profit actors greater options and leverage in procurement.

ELECTIVE PAY DISRUPTS TRADITIONAL FINANCING STRUCTURES BY REQUIRING DIRECT OWNERSHIP

- Elective pay requires direct ownership of an asset to claim; leases and PPAs **do not** count.
- To use elective pay for eligible technologies, public and non-profit entities must either **finance upfront** or **work out an ownership deal.**
  - This means that public and non-profit operators will be exposed to more risk than previously, and may need more in-house energy knowledge.
- ESPCs, ESAs, and other financing structure must accommodate this ownership requirement to take advantage of elective pay.

Elective pay complicates the use of third-party ownership structures and in particular tax-exempt lease-purchase agreements. Additionally, elective pay increases the importance of upfront and bridge capital (bonds, loans, grants, budget allocations) since costs must be incurred to make an election.

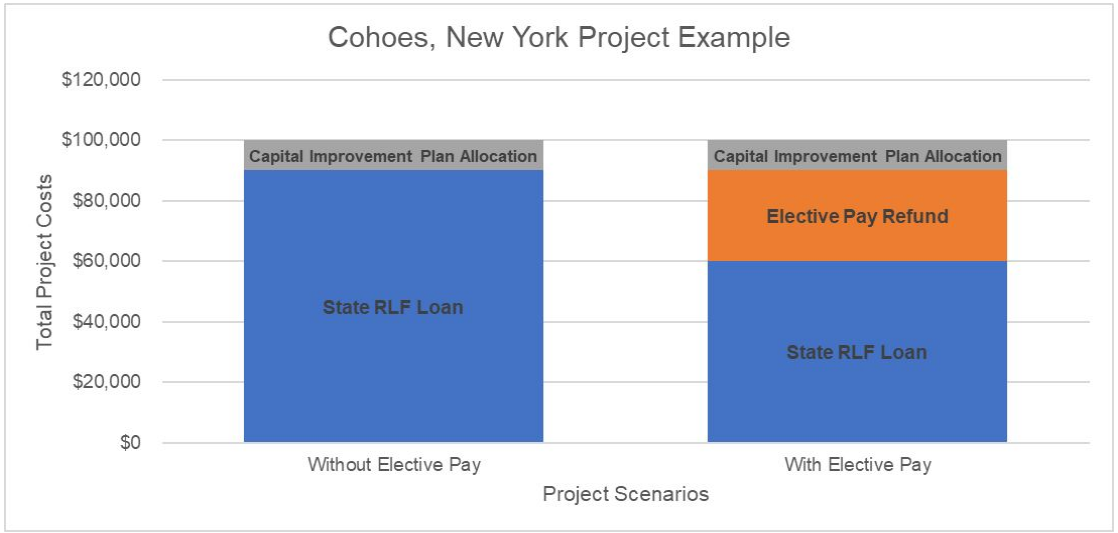
ELECTIVE PAY TAX CREDITS EXPAND POSSIBILITIES FOR PUBLIC AND NON-PROFIT BUILDINGS

- MUSH building financing mechanisms have historically focused on energy efficiency measures. The current set of elective pay tax credits only covers a limited set of energy efficiency technologies, including:
  - Geothermal heat pumps (GHPs) under the Section 48 ITC through 2033
  - Solar water heaters under section 48 through 2025
  - Combined heat and power (CHP) systems under Section 48 through 2025, and under Section 48E if the net GHG emissions rate of the facility is not more than zero.
- Elective pay is most useful, however, for less "low-hanging" measures such as :
  - Distributed energy resources (solar PV, storage, small wind) and microgrids
  - Electric vehicles and associated charging equipment

By providing greater savings on clean energy generation, EVs, EV charging equipment, and more, elective pay makes these technologies more affordable to the MUSH market.

CAPITAL FOR ELECTIVE PAY PROJECTS CAN GO SIGNIFICANTLY FARTHER THAN BEFORE

Under elective pay rules, tax-exempt grants, financing, and forgivable loans **do not** reduce the basis for any investment tax credit eligible for elective pay. This means that any source of capital can stretch farther for projects electing for the ITC, Commercial Clean Vehicles Credit, and the Alternative Fuel Refueling Property Credit.



In this example, Cohoes, New York is pursuing a $100,000 solar installation on a municipal rooftop building. With elective pay, a $60,000 loan from the State RLF can have the same net impact as a $90,000 loan.

PUBLIC AND NONPROFIT SECTOR ORGANIZATIONS CAN PURSUE DIFFERENT TYPES OF PROJECTS

Clean vehicles

- EVs have significant potential for public and non-profit buildings, given charge management software and bi-directional charging infrastructure.
- Section 45W will be simpler to claim elective pay for than other credits, including the ITC and PTC.
- EVs may or may not be eligible to claim as an ECM technology under an ESPC, depending on your context.

Clean vehicle charging equipment

- Clean vehicle charging equipment is clearly necessary for EVs to function and be a part of an ECM strategy.
- Section 30C will **only apply to** non-urban and/or low-income census tracts, limiting the scope of how and when elective pay can help.

Geothermal heat pumps

- GHPs are **the only type of heat pump eligible for an elective pay tax credit.**
- Savings from the ITC may help defray higher initial capital costs associated with GHPs compared to more common air-source heat pumps.

Distributed Energy Resources

- Elective pay (as well as associated bonus incentives) can bring DERs more to the forefront of energy savings deals.
- Solar PV, storage, solar + storage, and microgrids are particularly intriguing given ITC eligibility changes.

IDEAS FOR PUBLIC AND NON-PROFIT SECTOR BUILDING PROJECTS

Municipal or State Facilities

- Solar PV to reduce energy costs for large office or facility buildings
- Fleet electrification for transit authorities, public works, etc.

Universities

- Geothermal heat pumps to maintain comfortable temperatures in residential buildings
- Clean energy installations to act as demonstration and teaching facilities and enable workforce development

Schools and School Districts

- Electric school buses and associated charging equipment
- Solar canopies for parking lots
- Geothermal heat pumps to reduce heating and cooling bills

Healthcare

- Microgrids with solar and storage to maintain critical infrastructure during emergencies

Other Buildings

- Microgrids to maintain resilience hubs at non-profit community centers
- Public EV charging equipment at municipal buildings in low-income neighborhoods

USING ELECTIVE PAY REQUIRES MULTIPLE CONSIDERATIONS

- Domestic content rules for under the ITC and PTC mean that elective pay may face higher costs and risks on projects.
  - There are waivers for non-availability of technologies and causing a project to increase total costs by 25% or more. Additionally, projects under 1 MW-ac are exempt from these requirements.
- Bonus incentives can bring tremendous added value to a project.
  - +10 percentage point (ITC) or 10% increase in value (PTC) for being located in an energy community
  - +10 or 20 percentage point addition to ITC for the Low-Income Communities Bonus Credit
- Tax-exempt grants, financing, and forgivable loans **do not** reduce the basis for any investment tax credit eligible for elective pay. However, municipal bonds can lower the tax credit value received by **up to 15%.**
- The ITC will likely have a higher value and be administratively less complex than the PTC, particularly if you are claiming a bonus incentive.
- Special rules around partnerships may make elective pay more difficult for some projects.

“STACKING” GRANTS WITH ELECTIVE PAY CAN BRING SIGNIFICANT SAVINGS TO PROJECTS

- According to proposed IRS guidance, tax-exempt grants and forgivable loans do not affect the amount of payment an entity receives through elective pay, unless the total amount of the grant plus the elective pay refund is greater than the tax basis of the project.
- Nonprofit institutions and other applicable entities **can therefore look for ways to “stack” grants with elective pay and achieve significant cost reductions.**
- Grant programs may have their own restrictions on allowable stacked funding sources. Entities should consult the program rules of each funding source that they plan to use to ensure that stacking with tax credits is allowed.

SUMMARY

- The scale of the opportunity afforded by the IRA is massive and includes lots of climate funding that public sector and nonprofit organizations that take advantage of.
- Grant programs and the Greenhouse Gas Reduction Fund provide significant sources of upfront capital for clean energy and climate projects.
- The IRA introduced and strengthened many climate and clean energy tax credits. Notably, it extended and expanded the Investment Tax Credit and Production Tax Credit and added bonus incentives for certain criteria to facilitate more investment in disadvantaged areas.
- For the first time, elective pay allows for governments and nonprofits to directly access climate and clean energy tax credits for their own projects. While the use of elective pay will involve changes to traditional public and nonprofit financing models and require careful consideration, the opportunity for tax-exempt entities is enormous,

RESOURCES

- Catalyzing Local Clean Energy: A Roadmap for Maximizing IRA Opportunities and Community Benefits Guidebook (to be published this month)
- IRA Bonus Mapper: A WRI open-access mapping tool that local governments can use to check eligibility for geographically bound IRA tax credit opportunities as well as Justice 40 programs.
- Upcoming WRI Webinar:

  Maximizing Clean Energy Opportunities in the IRA: A Roadmap for U.S. Local Governments: On September 19, 2023, WRI will host a webinar exploring considerations and actions U.S. local governments can take to advance their decarbonization goals and shape a more equitable energy future for their communities.
- Recent WRI Webinar Recordings:

  How Cities Can Maximize Inflation Reduction Act Opportunities as Clean Energy Customers, Conveners & Catalysts: On July 25, 2023, WRI conducted a webinar exploring how cities can take advantage of the IRA's new economic landscape for clean energy, featuring municipal panelists from leading cities.

  Exploring New Guidance on IRA Tax Incentives for Clean Energy: On July 6, 2023, WRI hosted a webinar featuring experts in finance, law and project development that discussed proposed federal guidance on elective pay and transferability, as well as IRA bonus tax credit incentives.
- Federal Funding Opportunities for Local Decarbonization (FFOLD) Tool: An American Cities Climate Challenge Renewables Accelerator tool developed by RMI and WRI to enable local governments to prioritize and leverage federal funding to advance system-wide energy transition goals—from block grants and technical assistance to competitive grants and loans.
- Local Infrastructure Hub: A national program designed to connect cities and towns with the resources and expert advice they need to access federal infrastructure funding to drive local progress and improve communities.



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THANK YOU!

If you have any questions, please feel free to reach out to nate.hausman@wri.org or ian.goldsmith@wri.org.

IMAGE: FLICKR/MICHAEL MULLER

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Leveraging the Inflation Reduction Act to Advance Institutional and Community Climate Action

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About Rutgers, The State University of New Jersey

- The oldest, largest, and most diverse public university in the New York/New Jersey metropolitan area
- New Jersey's land-grant university with a three-part mission of teaching, research, and public service
- More than 67,000 students across New Jersey, with campuses in New Brunswick, Newark, and Camden, in addition to research, cooperative extension, and patient care sites around the state
- University footprint includes 6,000+ acres across New Jersey, 900+ buildings, 30 million+ square feet, and 19,000+ residence hall beds
- Committed to achieving net-zero carbon emissions by 2040

New Federal Investments in Infrastructure and Climate = Enhanced Collaboration

- Infrastructure Investment and Jobs Act A.K.A. “Bipartisan Infrastructure Law” – November 2021
  - Massive new investments in roads, bridges, public transit, broadband, water, grid modernization, resiliency, clean buses, and EV charging infrastructure.
  - Understanding the opportunities available to our institution, even after reviewing the Biden Administration’s guidebook at Build.gov, not an easy task.
  - Fostered collaboration between university federal/state government affairs, institutional planning and operations/facilities, and university climate action office.
  - Higher education was not a focus for infrastructure investments. Most programs required partnerships with state or local governments to be eligible. Example: Clean School Bus fund excluded higher education -– ultimately over $900 million awarded for Clean School Bus Rebates in 2022 with $4 billion sought.

IRA Funding Opportunities = Real Infrastructure $$ for Tax-Exempt Organizations

-Elective pay tax credits are especially attractive, but details matter.

-IRS issued guidance requires pre-filing registration. Preliminary regulations were released in June 2023 and IRS will make registration process available this fall.

-Investments must be made and operational or “in service” to claim the credits.

-Tax-exempt organization will apply for credit through the annual “tax return process” form 990. Important to connect with your university tax manager to engage in the process. Universities typically file a 1099-T; the credit will first be applied to any unrelated business income tax owed before refunds are generated.

-Important to consider university business and accounting processes to determine how to factor the refund into your institutional budget processes, and to consider long term costs of managing new technologies.

EV Tax Incentives are Among the Most Straightforward

- Commercial vehicle tax credit will provide a maximum credit of $7,500 for qualified vehicles with gross vehicle weight ratings (GVWRs) of under 14,000 pounds and $40,000 for all other vehicles. No limit on the number of credits you can claim.

- Collaborating with state, local governments, and MPOs regarding EV infrastructure investments is important. The Bipartisan Infrastructure Law required states to submit state EV infrastructure plans and goals as a condition to receiving their share of the National Electric Vehicle Infrastructure formula program. Can be very helpful starting point for understanding the planned investments in your community.

- Example: New Jersey offers an “It Pays to Plug In” EV Infrastructure grant of up to $4,500 per station, but applications must be filed and the grant executed before equipment is purchased or installed.

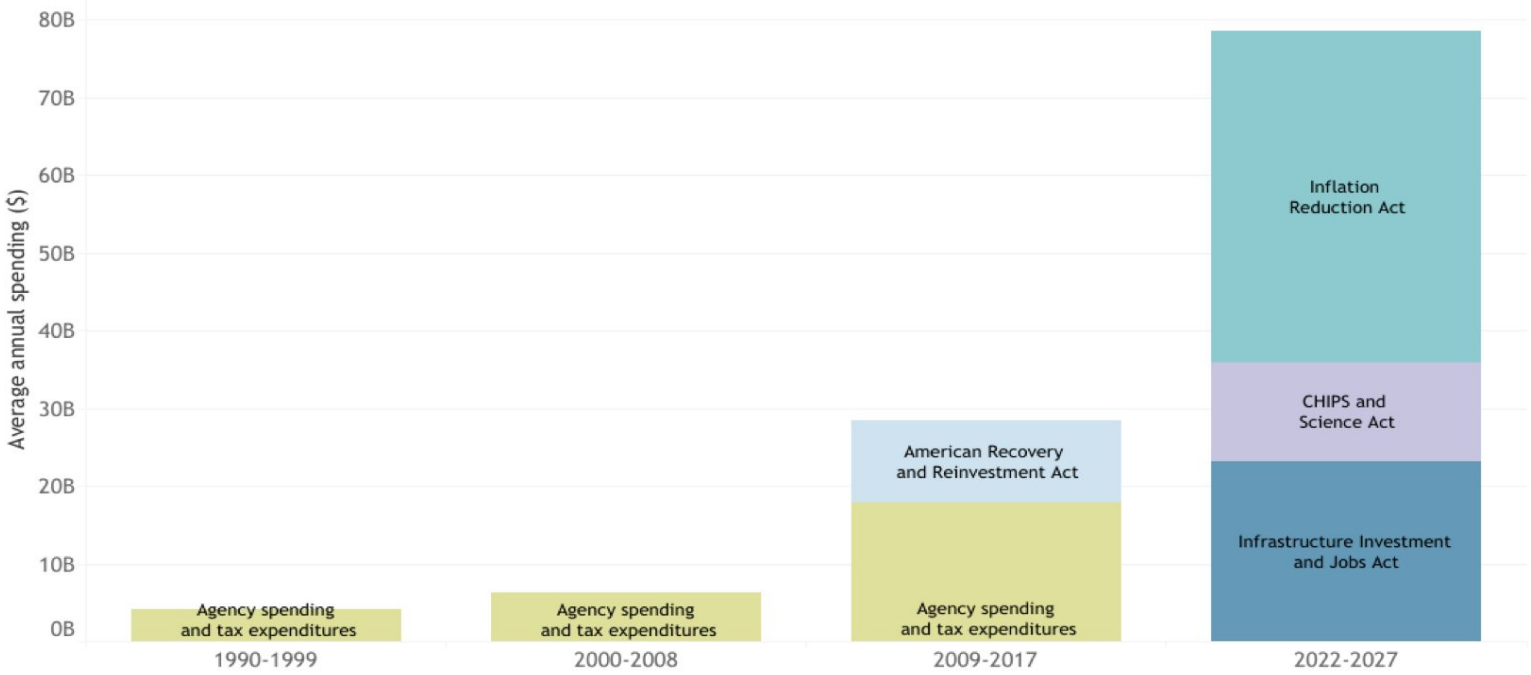
Environmental and Community Justice Grant Programs

- New $3 billion EPA program provides funding for financial and technical assistance to carry out environmental and climate justice activities to benefit underserved and overburdened communities.

- Community Change Grants: ~$2B program for which institutions of higher education, local governments, and community based nonprofit organizations are eligible to apply for projects that “reduce pollution, increase community climate resilience, and build community capacity to respond to environmental and climate justice challenges. These place-based investments will be focused on community-driven initiatives to be responsive to community and stakeholder input.”

- The Notice of Funding Opportunity is expected this autumn from the EPA Office of Environmental Justice and External Civil Rights. These EJ investments are huge, increasing the grantmaking capacity of the EPA by approximately 75 percent.

Historic Level of Federal Investment



RMI · Energy Transformed.

Source: RMI, *Congress's Triple Whammy: Innovation, Investment and Industrial Policy*

Key Takeaways

- IRA investments present a huge opportunity for universities not only to address infrastructure needs and meet institutional climate goals, but also to publicly demonstrate commitment and public leadership on climate action.
- Collaboration is essential in order to maximize the array of opportunities the IRA presents. Including facilities, climate office, research, community engagement, government relations and workforce development in the conversation can help to maximize university impact to address institutional *and* societal needs.
- Taking the time to engage a variety of stakeholders internally and externally as your plans develop is important. Increasingly, large universities are known for their role in research and innovation, but are viewed as self-serving or elitist.
- Connect with your government relations office so we can understand your needs and help to tell your story with key stakeholders. We can also help keep tabs on government programs and processes, including the IRS, and step in to help when issues arise.
- You are not too late to take advantage of IRA investments. Some new programs, like Community Change Grants, have not yet been launched. Most tax credits are available for 10 years beginning in 2023, and guidance has yet to be issued for all programs.

Thank You

Questions? Reach out to Azanta Thakur
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