



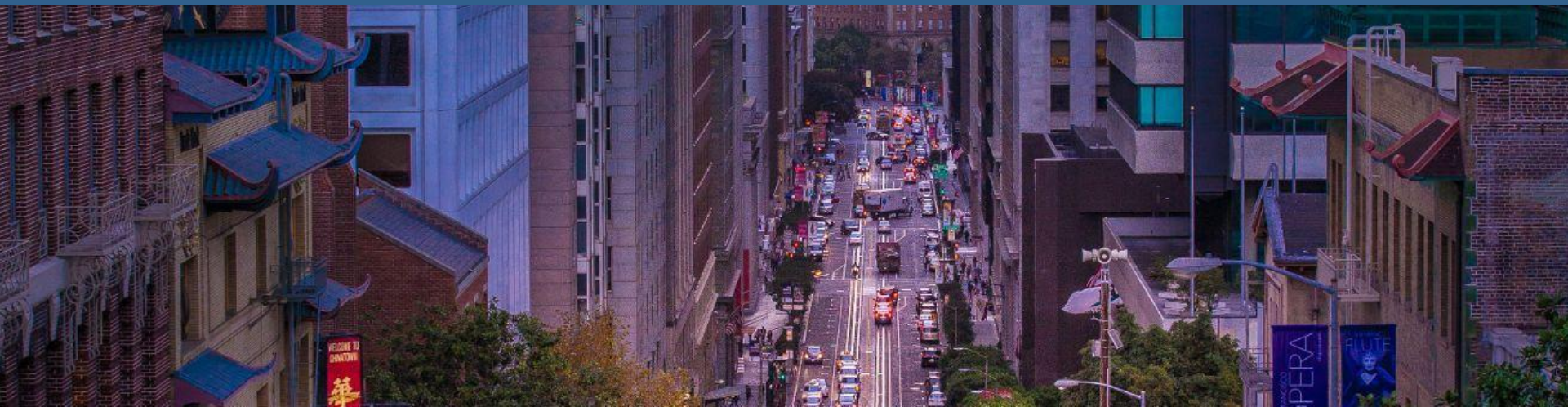
The Inflation Reduction Act Passive House Funding Opportunities Demystified

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BRIGHT P  **OWER**



Introduction



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The Agenda



Agenda

1. Introduction
2. About the Inflation Reduction Act (IRA)
3. Key IRA provisions for buildings
4. Incorporating the IRA into your passive house funding
5. Q & A





About the IRA



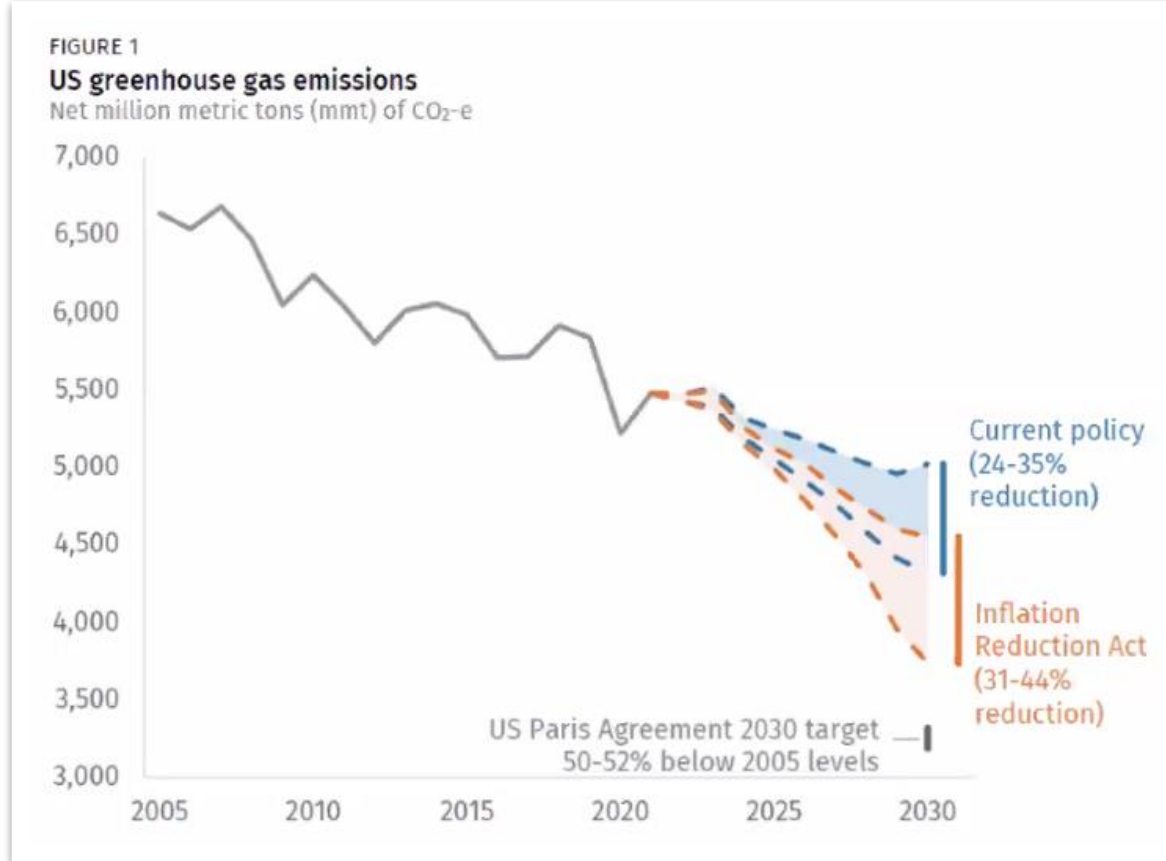
About the IRA



- The single largest climate investment in our nation's history at \$369 billion
- Will drive national emissions 40% below 2005 levels by 2030
- Emphasis on “carrots” rather than “sticks” for the buildings sector



Driving Significant Emissions Reduction



IRA Funding Levels

Category	Estimated Funding Levels
179D Tax Deduction	\$360 million
45L Tax Credit	\$2 billion
HOMES Rebates	\$4.3 billion
HEEHRA Rebates	\$4.5 billion
HUD GRRP	\$1 billion
GHG Reduction Fund	\$27 billion





Key IRA Provisions for Buildings





Solar PV, Energy Storage & EV Charging



Energy Investment Tax Credit

- Applicable to commercial and multifamily rentals
- Available for solar photovoltaic (PV) projects and standalone energy storage
- Increased base rate from 26% to 30%, backdated to January 2022
- Several new bonuses including 10–20% for qualifying low-income solar
- Direct pay & transferability of tax credits
- Prevailing wage & apprenticeship requirements for projects above 1 MW



Investment Tax Credit Bonuses

Adder	Summary	Amount
Domestic Content	<ul style="list-style-type: none">• 100% of the steel and iron were produced domestically, and• A percentage of all manufactured goods were produced domestically	+10%
Energy Communities	<ul style="list-style-type: none">• Available for brownfield sites and communities affected by fossil fuel extraction & development, and• Eligibility based on a predetermined map	+10%
Low-Income Communities	<ul style="list-style-type: none">• Eligibility based on a predetermined map of Low Income Communities - see anticipated eligibility map	+10%
Low-Income Residential Buildings	<ul style="list-style-type: none">• Must participate in a covered housing program, including LIHTC, and• Financial benefits must be “equitably distributed among the occupants”	+20%
Low-Income Economic Benefit Projects	<ul style="list-style-type: none">• Households w/ income less than 200% of the applicable poverty line or less than 80% of area median gross income, and• At least 50% of the financial benefits must be allocated to tenants	+20%



Residential Clean Energy Tax Credit (25D)



- 25D tax credit for solar PV and energy storage projects
- Applicable to single-family homes, co-ops and condos
- Contains a pass-through feature allowing coop shareholders and condo owners to claim the tax credit directly
- 30% tax credit, backdated to January 2022



EV Charging Tax Credit (30C)

- Available starting January 1, 2023
- Credit is limited to projects located in a qualifying low-income community or in a non-urban census tract
- Base credit rate of 6%
- Increased to 30% credit for projects that meet prevailing wage and apprenticeship requirements during construction
- Cap of \$100k per item of property (i.e. EV charger)





Energy Efficiency and Electrification



Residential Energy Efficiency Tax Credit (25C)

Appliance	Credit Caps
Heat pumps	\$2,000
Windows & Skylights	\$600
Exterior Doors	\$250 per door \$500 total per year
Building envelope upgrade	\$1,200
Electric infrastructure upgrade	\$600
Central AC, Boilers, DHW	\$600
Energy Audit	\$150

- 30% tax credit starting in 2023 w/ max of \$3,200
- Available for single-family homes, co-ops & condos
- Not available for commercial and multifamily rentals



Energy Efficient Home Tax Credit (45L)

- Multifamily, single family, and condos/co-ops only (**no commercial**)
 - New construction and existing building retrofits
- Tax credit rates

Project Type	Energy Star cert.	Zero Energy Ready Home cert.
Single Family	\$2,500	\$5,000
Multifamily	\$500/dwelling unit	\$1,000/ dwelling unit
Multifamily w/ Prevailing Wage	\$2,500/dwelling unit	\$5,000/dwelling unit



Energy Efficient Commercial Building Deduction (179D)

- New construction and existing building retrofits
- Commercial and multifamily rentals
- Non-profit building owners can transfer credit to primary design professionals
- Projects must reduce site EUI by at least 25% under baseline

Site EUI Reduction	25%	26-49%	50%
Without Prevailing Wage and Apprenticeships	\$0.50/Sq ft	An extra \$0.02/Sq ft	\$1/Sq ft
With Prevailing Wage and Apprenticeships	\$2.50/Sq ft	An extra \$0.10/Sq ft	\$5/Sq ft



Home Owner Managing Energy Savings (HOMES) Rebates

Tier	Market Rate (lesser of)	Affordable Housing (lesser of)
Modeled energy savings 20-34%	\$2,000/dwelling unit or \$200k/building	\$4,000/dwelling unit or 80% of the project cost
Modeled energy savings 35%+	\$4,000/dwelling unit or \$400k/building	\$8,000/dwelling unit or 80% of the project cost
Measured building savings or portfolio energy savings >14%	A payment rate per kWh saved up to \$2,000 for a 20%+ reduction in energy use per dwelling unit for the avg multifamily building in the state or 50% of the project cost	A payment rate per kWh saved up to \$4,000 for a 15%+ reduction in energy use per dwelling unit for the avg multifamily building in the state or 80% of the project cost

High-Efficiency Electric Home Rebates (HEEHR)

Appliance	Incentives Maximums
HPWH	\$1,750
Heat pump space heating	\$8,000
Electric stoves, cooktops, ranges, ovens, electric HP clothes dryers	\$840
Electric load service center upgrade	\$4,000
Electric wiring	\$2,500
Insulation, air sealing, and ventilation	\$1,600

- Only open to certain qualifying affordable multifamily and single family
- Open to both existing buildings and new construction
- Incentives capped at \$14,000 per dwelling unit



HOMES & HEEHR – What We Know & Don't Know

What We Know:

- HOMES and HEEHR rebates cannot be combined with each other, but they will be able to layer with tax credits
- The funding will be allocated to states (e.g., NYSERDA, California Energy Commission) using the State Energy Program (SEP) formula

What We Don't Know:

- Launch timing: Likely end of 2023, early 2024
- Rebate structure: States may have flexibility to make changes to the programs
- Layering: It's unclear yet if these new rebates will layer with current utility and NYSERDA programs



HUD Green and Resilient Retrofit (GRRP) Program

- \$1 billion for grants and direct loans to HUD subsidized properties, and a new benchmarking program
- Eligible uses include but are not limited to:
 - Zero-emission electricity generation
 - Electrification
 - Energy Storage
 - Energy and water efficiency
 - IAQ
 - Resilience
 - Benchmarking



EPA's GHG Reduction Fund

- The bulk of the money is headed for nonprofit lenders, focus on:
 - State and local green banks leveraging public and private capital to finance sustainable projects
 - Mission-oriented community-based lenders with expertise in financing underserved communities
- September 2024 – deadline for EPA to finish awarding funds



Should My Projects Wait for IRA Funding?

Available this year- but still waiting on updated rules	Start Date TBD
<ul style="list-style-type: none">● 30% ITC for Solar & Energy Storage● All ITC bonuses● 30% 25D credit for Solar & Energy Storage projects● Energy efficient homes & commercial tax credits (45L, 25C, & 179D)● EV Charging tax credits	<ul style="list-style-type: none">● HOMES and HEEHRA state-run rebate programs● HUD GRRP● EPA GHG Reduction Fund





Q&A



We Covered A Lot!

Let us know what your questions are!

You can email us too:
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Thank you!

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