

ENERGY EVOLUTION — TAX CREDITS LEAD THE WAY



Whether you are seeking energy tax credits and incentives, energy consulting or transaction structuring, Weaver can help identify opportunities for your green energy project.

The federal government's Inflation Reduction Act (IRA), with its monumental \$369 billion in spending and tax credits, is a game changer for developers, investors, project financing and transaction structuring, to name a few of the areas experiencing the greatest impact. **Production and investment tax credits may be available** for existing renewable sources and emerging zero-emissions energy sources, biomass, renewable natural gas, energy storage, clean hydrogen and carbon capture technologies, among others.

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DON'T WASTE TIME. FIND POTENTIAL OPPORTUNITIES NOW.

We can help you find out if an energy project qualifies for tax credits and incentives by:

- ▶ Determining whether an energy project/facility qualifies for tax credit(s) and base credit enhancements
- ▶ Modeling lifecycle greenhouse gas emissions to estimate fuel carbon intensity for clean hydrogen and clean fuel tax credits
- ▶ Performing a well-to-gate life cycle analysis
- ▶ Modeling clean fuel production credit under Section 45Z as compared to blenders' credit
- ▶ Discussing potential traps for the unwary including interaction between various tax credits and possibility of stacking credits
- ▶ Discussing colocation and ownership issues
- ▶ Reviewing financial models to ensure tax credits and incentives and other tax consequences are properly considered within the model
- ▶ Determining whether different credits may be available for a specific project
- ▶ Providing prevailing wage and apprenticeship audits

SUPPORT FOR EXISTING RENEWABLE ENERGY TECHNOLOGY

- ▶ Extends and expands the IRC Section 45 renewable electricity production tax credit (PTC) and IRC Section 48 investment tax credit (ITC) for specified energy projects that begin construction on or before December 31, 2024.
- ▶ PTC applies to wind, biomass, solar, municipal solid waste (landfill gas and trash), hydropower, marine and hydrokinetic energy facilities, and geothermal energy.
- ▶ ITC covers solar (including fiber-optic solar), wind, geothermal, fuel cell, combined heat and power systems, waste energy recovery property, energy storage technology, qualified biogas, microgrid controllers and certain interconnection property.

SUPPORT FOR EMERGING ZERO-EMISSIONS ENERGY SOURCES

- ▶ For qualified facilities (including certain energy storage technology) placed in service after December 31, 2024, extends the PTC and ITC transition to “technology-neutral” tax credits under IRC Section 45Y and IRC Section 48E for the production of electricity, providing incentives for zero-emissions electricity production and innovation through at least 2032.

NEW INCENTIVES FOR HYDROGEN

- ▶ New IRC Section 45V, Clean Hydrogen Production Tax Credit (CHPTC), provides significant support for hydrogen, viewed as a potential fuel for energy-intensive industries.

SUPPORT FOR CARBON CAPTURE TECHNOLOGY

- ▶ IRC Section 45Q provides a carbon capture and sequestration tax credit for projects that begin construction before January 1, 2033.
- ▶ **Tax credit amount has been increased, and the capture qualification threshold has been reduced.**
- ▶ Credit is available for carbon capture equipment or direct air capture facilities that capture, permanently utilize or permanently sequester carbon oxide.

SUPPORT FOR DOMESTIC MANUFACTURING OF ENERGY COMPONENTS

- ▶ IRC Section 48C **extends the advanced energy project** ITC as an incentive to build clean energy supply chains domestically.
- ▶ This applies to investments in **manufacturing facilities** used for the production or recycling of clean energy equipment, including solar wind, and carbon capture technologies; facilities that manufacture energy storage systems, grid modernization equipment or components, electric and hybrid vehicles, property used to produce energy conservation technologies and equipment that re-equips an industrial or manufacturing facility with equipment designed to reduce greenhouse emissions by at least 20 percent.
- ▶ Credit includes additional technologies, such as equipment designed to refine, electrolyze or blend any fuel, chemical or product which is renewable or low-carbon low emission renewable transportation fuel.
- ▶ Adds IRC Section 45X advanced manufacturing PTC. The **eligible energy components** include photovoltaic cells, photovoltaic wafers, solar grade polysilicon, polymeric backsheet, solar modules, wind energy components, torque tubes, structural fasteners, inverters, electrode active materials, battery cells, battery modules and critical minerals.



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INFLATION REDUCTION ACT RESOURCES



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