



**TAMMY BALDWIN**

United States Senator *for* WISCONSIN

# Inflation Reduction Act Webinar

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# Wisconsin is a Key Manufacturing Leader



U.S. DEPARTMENT OF  
**ENERGY**

Office of  
Policy



# Inflation Reduction Act is History-Making Policy

- **Largest climate and clean energy investment** in American history
- Provides **10 years of certain clean energy financial support** to manufacturers, installers, and investors
- Delivers historic focus on **domestic job creation** with strong incentives for prevailing wages and apprenticeships
- Saves **American families thousands of dollars** in home and transportation energy costs
- Extra **benefits for low- and middle-income consumers**, historically underserved and overburdened communities, and communities most impacted by transition to clean energy



# What's in the Inflation Reduction Act?

IRA includes two major buckets of energy policy:

- **Tax credits:** New and updated tax credits will save everyday consumers thousands of dollars on electricity while insulating them from shifting fossil fuel prices
- **New programs and loans:** New energy and climate programs work alongside tax credits to support projects in disadvantaged communities

Together, these create a new domestic industrial policy that includes critical investments in disadvantaged communities, domestic manufacturing, and quality jobs



# Following Strong Labor Standards Increases the Value of Tax Incentives

- IRA will stimulate clean energy investment projected to support nearly 1 million jobs annually
- Large majority (~75%) of these jobs won't require a four-year college degree
- To realize full benefits of these incentives, companies must pay prevailing wages and offer apprenticeship opportunities
- Apprenticeship programs in U.S. result in 47% increase in income for females & 30% for males
- Companies that adhere to these labor standards will receive incentives 5x greater than those that do not



# IRA Includes Bonuses for Domestic Content

- Electricity projects that meet domestic content minimums are eligible for a 10% increase in the Investment/Production Tax Credit
- A gradually increasing percentage of the total costs of manufactured products need to be mined, produced, or manufactured in the United States
- All structural steel or iron must be produced in the United States



# New Tax Credits and Funding to Boost Electric Vehicle Deployment and Manufacturing

## Example Tax Credits

- IRA provides consumers up to **\$7,500** to buy new EV (subject to Made In America & other rules) & 30% off charging equipment up to \$1,000
- Clean commercial vehicles are also eligible for a tax credit of up to **\$40,000**
- Tax support for biofuels and sustainable aviation fuel production

## Example New Programs and Loans

- IRA provides companies with billions worth of investments dedicated to American automotive manufacturing
  - **\$3 billion** for the Loan Program Office's Advanced Technology Vehicle Manufacturing
  - **\$2 billion** for Domestic Manufacturing Conversion grants





# Advanced Energy Project Investment Tax Credit (48C) Provides \$10B

The 48C Investment Tax Credit provides \$10B to expand U.S. manufacturing and supply chains for:

- Clean energy manufacturing, including clean vehicles
- Industrial facility emissions reductions of at least 20%
- Critical minerals

Find more information here: <https://www.irs.gov/newsroom/irs-and-treasury-provide-guidance-on-the-qualifying-advanced-energy-project-credit>

# Advanced Manufacturing Production Tax Credit (45X) provides a per unit incentive

45X is a per-unit tax credit for each clean energy component domestically produced and sold by a manufacturer. The credit is claimed on federal corporate income taxes. It covers:

- **Solar :** polysilicon, wafers, cells, modules, backsheets, torque tubes for trackers, structural fasteners
- **Wind:** towers, blades, nacelles, OSW foundations and vessels
- **Battery:** electrode active materials , cells, modules
- **Inverters:** central, utility, commercial, distributed wind, residential, microinverter
- **Critical minerals:** 50 listed minerals of specified purity/form

# IRA Offers Funding Opportunities for Industrial Decarbonization: Open for Applications Now

- The Advanced Industrial Facilities Deployment Program provides ~ **\$6 billion** in competitive financial support to owners and operators of energy-intensive industrial facilities for high-impact, transformational projects to significantly reduce greenhouse gas emissions
- To carry out projects for:
  - 1) Purchase and installation or implementation of advanced industrial technologies at eligible facilities
  - 2) Retrofits, upgrades, or operational improvements at eligible facilities to install or implement advanced industrial technologies
  - 3) Engineering studies and other work needed to prepare eligible facilities for activities described in (1) or (2)
- More information here: <https://www.energy.gov/oced/advanced-industrial-facilities-deployment-program>

# Thank You!

Learn more about the Inflation Reduction Act and other Energy opportunities by visiting:

[www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/](https://www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/)

[www.energy.gov/BIL](https://www.energy.gov/BIL)

<https://www.energy.gov/osdbu/doing-business-doe>







# Rural Development - IRA

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# IRA at USDA Rural Development

The Inflation Reduction Act provides funding to USDA Rural Development to help eligible entities purchase renewable energy and zero-emission systems and make energy-efficiency improvements that will significantly reduce greenhouse gas emissions. For example,

- **Section 22001:** Up to **\$1 billion** for **RUS** loans for renewable energy infrastructure. RUS will be required to forgive up to 50% of the loan amount. Eligible entities include electric service providers, including municipal, investor-owned, and Tribal utilities.
- **Section 22002:** Up to **\$2.05 billion** for the **RBCS** Rural Energy for America Program (REAP), with \$303 million set aside for underutilized technologies and technical assistance. Funds are anticipated to support renewable energy and energy-efficiency projects for more than 41,500 farms and small businesses.
- **Section 22003:** Up to **\$500 million** in **RBCS** grants for infrastructure improvements to blend, store, or distribute biofuels. This includes installing, retrofitting, or upgrading dispensers for ethanol at retail stations as well as home heating oil distribution centers.
- **Section 22004:** Up to **\$9.7 billion** for **RUS** to offer loans, grants, loan modifications, and other financial assistance to support the purchase of renewable energy systems, zero-emission systems and carbon capture systems. Funding also may be used to deploy these systems to make energy-efficiency improvements to generation and transmission systems of eligible entities.

# Rural Utilities Service – IRA Funding

## Affordable Clean Energy (ACE) Program

- Through IRA Section 22002, now known as ACE, RUS has **\$1 billion** available for up to 50% forgivable loans to support the construction of new wind, solar, hydropower, biomass, or geothermal energy projects
- The power generated from these renewable energy projects can be resold to **rural and nonrural residents**
- The loan interest rates will be defined by **municipal rates**

## Empowering Rural America (New ERA) Program

- Through IRA Section 22003, now know as New ERA, RUS has **\$9.7 billion** available **for Electric Cooperatives** for the long-term resiliency, reliability, and affordability of rural electric systems to achieve the greatest reduction in GHG emissions
- A variety of activities are supported by the statute such as the construction of renewable energy systems, zero-emission systems, carbon capture and storage systems, energy efficiency improvements, purchase of renewable energy, etc.
- Permitted use of funds will include loans, loan modifications, grants, and/or other financial assistance
- ACE and New ERA NOFOs will be published soon

# Rural Business Cooperative Service – IRA Funding

## Rural Energy for America Program

- The Rural Energy for America Program was funded with an additional **\$2.02 billion** dollars over the next decade to invest in over 41,500 farms and small businesses. **\$303 million** is set aside for underutilized technologies and technical assistance for program applicants.
- The Inflation Reduction Act allows for the federal grant share to be raised to 50% from 25%.

## Higher Blends Infrastructure Incentive Program

- HBIIP was funded with \$500 million in the Inflation Reduction Act.
- The Act allows for the federal grant share to be raised from 50% to 75%.
- A recent round of non-IRA HBIIP funding closed November 2022, and the next round can be expected in Summer 2023.



# Current Funding Available

- \$250 million in IRA funds and \$50 million in mandatory funds.
- The FY 23 Notice increases the grant share to 40% for all REAP projects.
- The previous maximum grant sizes increased to \$500,000 (from \$250,000) for energy efficiency grants and \$1,000,000 (from \$500,000) for renewable energy systems for IRA funds.

# REAP IRA | FY 2023 Timeline

**December 15 2022:** FY 23 Notice is published in the Federal Register announcing \$300 million in grant availability, inclusive of \$250 million from the IRA.

**January/February 2023:** First awards (small projects for grants of <\$20,000) under the FY 23 Notice using annually appropriated funds and IRA Funds.

**March 31 2023:** Deadline for grants requests over \$20,000.

**Coming Soon:** Second FY 23 Notice is published in the Federal Register announcing additional FY 2023 IRA funding and raising the federal grant share to 50% for many projects.

# Renewable Energy Eligible Projects



Solar



Wind



Small Hydroelectric



Anaerobic Digesters



Biomass



Geothermal



Wave/Ocean Power

# Higher Blends Infrastructure Incentive Program (HBIIP)

**Purpose:** To increase significantly the sales and use of higher blends of ethanol and biodiesel by expanding the infrastructure for renewable fuels derived from U.S. agricultural products.

## Who May Apply?

- **Transportation Fueling Facilities** – Fueling stations, convenience stores, hypermarket fueling stations, fleet facilities (including rail and marine), and similar entities with capital investments.
- **Fuel Distribution Facilities** – Terminal operations, depots, midstream partners, and similarly equivalent operations.

**Grant Terms:** Up to **50%** of *total eligible project costs*, but **not to exceed \$5 million**, whichever is less, for eligible equipment, infrastructure, and related expenses to support the sale and use of higher biofuel blends.



# Contact Information

Assistance under USDA Rural Development programs is available to applicants in areas designated as “rural.” Under law, the definition of “rural area” is different for each program.

Contact your local USDA Rural Development office for more information.

<https://rd.usda.gov/about-rd/state-offices>

Or go to: [www.rd.usda.gov](http://www.rd.usda.gov)

Or call 1 (800) 670-6553 (toll free)

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# Energy Innovation Grant Program

## Awarded Grantees:

Federal Fiscal Year	Number of Grantees	Available Funds
2022	32	\$ 10 Million
2021	46	\$ 10 Million
2020	32	\$ 7 Million
2018	31	\$ 5 Million



- **2023-2024 Round** – Generally planning for a final round based on funding available from Bipartisan Infrastructure Law & ARRA, subject to full Commission Approval
- \$7+ million from BIL and approximately \$3 million remaining from ARRA
- **Plan Ahead: In past years,**
  - Application period has opened Late October
  - Grant proposals due Late January
  - Awards made in March/April

# Focus on Energy Incentives



Get Started



Your Journey Starts Here



Support