



Inflation Reduction Act

Tax Incentives and Greenhouse Gas Reduction Fund
Midwest Energy Efficiency Alliance

January 31, 2023



OUR VISION & MISSION

ABOUT THE ALLIANCE TO SAVE ENERGY

We envision a world that uses energy more productively to achieve **economic growth**, a **cleaner environment** and greater **energy security, affordability** and **reliability**.

TO ACHIEVE THIS VISION, WE:

- ✓ Lead **bipartisan initiatives** that drive **technological innovation** and **energy efficiency** across all sectors of the economy, through policy advocacy, education, communications, and research
- ✓ Convene and engage in diverse public-private partnerships, collaborative efforts and strategic alliances to optimize resources and expand our sphere of influence.

- ✓ STAFF 15+ professionals
- ✓ EXPERIENCE 45 years
- ✓ RECOGNIZED AS a premier energy efficiency organization

POLICY LEADERS + ENVIRONMENTAL GROUPS + ACADEMIA + BUSINESS LEADERS



INFLATION REDUCTION ACT

- ✓ **\$54 BILLION in Energy Efficiency Availability**
- ✓ **\$15 BILLION for Energy Efficiency Tax Incentives**
 - ✓ 25C
 - ✓ 45L
 - ✓ 179D



INFLATION REDUCTION ACT

25C

- ✓ **Old Law:**
 - ✓ **\$500 Lifetime**
 - ✓ **10%**
 - ✓ **Expired After December 31, 2021**
 - ✓ **Extended and Expires After December 31, 2022**
- ✓ **Inflation Reduction Act**
 - ✓ **\$1,200 Annual Credit Allowance**
 - ✓ **Annual Credit Up to \$3,200 (electric and natural gas heat pumps and heat pump water heaters; and biomass stoves and boilers)**
 - ✓ **30%**
 - ✓ **Effective Beginning January 1, 2023**
 - ✓ **Expires After December 31, 2032**



INFLATION REDUCTION ACT

25C

✓ Credit Allowed on Equipment Types:

- ✓ **\$2,000:** Electric and Natural Gas Heat Pumps; Heat Pump Water Heaters; Biomass Stoves/Boilers* (exception to \$1,200 annual limit)

✓ **\$600:**

- ✓ Natural Gas, Propane, Oil
 - ✓ Water Heaters
 - ✓ Furnaces
 - ✓ Boilers
 - ✓ Air Conditioners
-
- ✓ Highest Efficiency Tier by Consortium for Energy Efficiency (excluding any advanced tier)



INFLATION REDUCTION ACT

25C

- ✓ **Credit Allowed on Product Types:**
 - ✓ **\$600:** Windows (Energy Star Most Efficient)
 - ✓ **\$250/\$500:** External Doors
 - ✓ **\$1,200:** Insulation (International Energy Conservation Code)
 - ✓ Panel Boards
 - ✓ Energy Audits



INFLATION REDUCTION ACT

45L

- ✓ **Expired After December 31, 2021**
- ✓ **Extended Through December 31, 2022**
- ✓ **New 45L Effective January 1, 2023**
- ✓ **New 45L Expires After December 31, 2032**
- ✓ **\$2,500: Single-Family (Energy Star)**
- ✓ **\$5,000: Single-Family (Zero Energy)**
- ✓ **\$500: Multi-Family (Energy Star)**
 - ✓ **\$2,500 Bonus Credit: When Meeting Prevailing Wage**
- ✓ **\$1,000: Multi-Family (Zero Energy)**
 - ✓ **\$5,000 Bonus Credit: When Meeting Prevailing Wage**



INFLATION REDUCTION ACT

179D

- ✓ **Made Permanent:** December 2020
- ✓ **Expanded Provisions Permanent:** Effective January 1, 2023
 - ✓ **Base Deduction:** \$.50 - \$1.00 per sq ft.
 - ✓ **Bonus Deduction:** \$2.50 - \$5.00 per sq ft.
 - ✓ Prevailing Wage
 - ✓ Apprenticeship
 - ✓ **Energy and Power Reductions:** 25% or More
 - ✓ **Alternative:** Energy Use Intensity
 - ✓ **Real Estate Investment Trusts (RIETs)**
 - ✓ **Non-Profits/Government (Assign Allocation)**

INFLATION REDUCTION ACT

Greenhouse Gas Reduction Fund

3 Funded Programs Streams

- ✓ **\$ 7 Billion** (Zero Emissions Projects in Low-Income and Disadvantaged Communities)
- ✓ **\$11.970 Billion** (Qualified Projects– as defined)
- ✓ **\$8 Billion** (Qualified Projects in Low-Income and Disadvantaged Communities)

Dates and Deadlines

- ✓ Beginning within 6 months of enactment
- ✓ RFI deadline December 5, 2022
- ✓ Statutory Commencement February 2023



ALLIANCE
TO SAVE ENERGY
using less. doing more.

