

# Inflation Reduction Act of 2022

The background features a large, light blue circle on the right side. To its left, there is a cluster of numerous small, yellow-green dots of varying sizes, some overlapping the blue circle. The overall aesthetic is clean and modern.

# Meeting Objectives

---

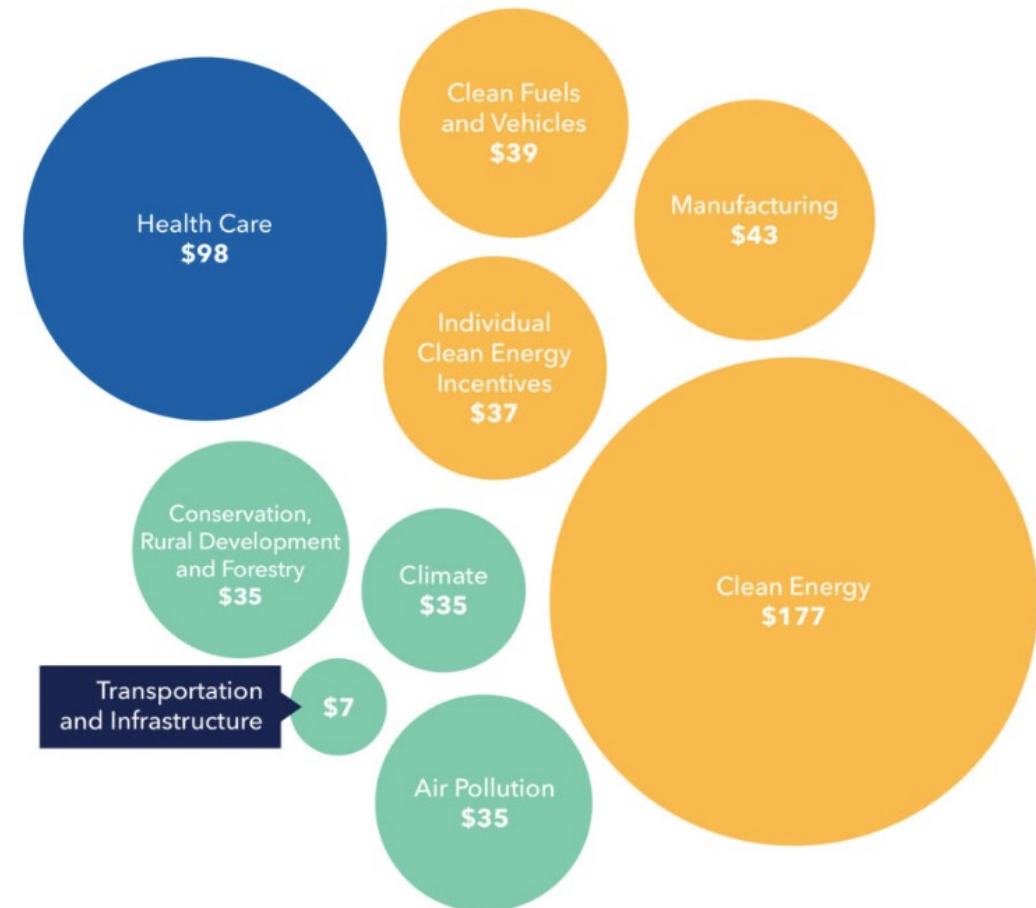
- Provide a high-level overview of Inflation Reduction Act of 2022
  - What is it
    - How much in funding? What are the areas of impact? Time period covered?
  - What areas are of potential interest to CCA's; and of interest to PCE individually?
  - Specific and immediate PCE examples to leverage IRA sources to
    - Increasing current funding streams
  - Longer term impacts examples ... to increase investments in ...
    - Power procurement projects – how to explore?
    - Programs – which programs?
  - In discussion - what is of interest for PCE staff to explore further?

# Inflation Reduction Act of 2022 (IRA)

- **\$773 billion (\$433 in new investments)** federal bill funding climate/energy provisions, lowering prescription prices, and paying down national debt.
- Three priority funding buckets for CCAs:
  - Increasing renewable generation (\$40 billion)
  - Enhancing building decarb (\$9.8 billion)
  - Supporting environmental justice (\$33 billion)

**Spending and Tax Cuts**  
Figures in billions over 10 years from 2022-2031

● Health Care ● Energy ● Climate



# Renewable Generation Tax Credits

Program Name	Description	Total \$
<b>Production Tax Credit (PTC - SEC. 13101)</b>	Extends tech-specific PTC through 2024. Revives PTC for solar. Creates tech-neutral PTC from 2025 to phaseout in 2032. 1.5 cents/kwh (prevailing wage) + 10% for domestic manufacturing, energy community, or low-income (up to 20%). Direct pay/transferability.	\$30 billion (estimated)
<b>Investment Tax Credits (ITC – SEC. 13102)</b>	Extends tech-specific ITC through 2024 at full amount. Extends to storage, biogas, microgrid controller. Creates tech-neutral PTC from 2025 to phaseout in 2032. 30% credit (prevailing wage) + 10% for domestic manufacturing, energy community, or low-income (up to 20%). Direct pay/transferability.	\$10 billion (estimated)

# Building Decarbonization

---

Program Name	Description	Total \$
<b>High-Efficiency Electric Home Rebate Program (HEERA) (SEC. 50122)</b>	Up to \$14,000 in rebates to switch over to electric appliances—up to 50% of costs for moderate-income households and 100% for low-income households. Includes: \$8,000 for a heat pump, which serves as an air conditioner in the summer and heater in the winter; \$1,750 for a high-efficiency, all-electric heat pump water heater; \$840 for an electric induction cooktop; \$840 for a high-efficiency all-electric heat pump clothes dryer; Up to \$9,100 for enabling improvements to the electric panel, wiring, and home insulation; Up to 50% of project for moderate income, up to 100% for low-income.	\$4.5 billion
<b>Nonbusiness Energy Property Credit (SEC. 13301)</b>	Energy efficiency and electrification tax credits for qualified energy efficiency improvements including up to \$2k for heat pumps	

# Building Decarbonization

Program Name	Description	Total \$
<b>Home Energy Performance-Based, Whole Home Rebates (SEC. 50121)</b>	<p>Award grants to State energy offices to develop/implement a HOMES rebate program for homeowners and aggregators for whole-house energy savings retrofits.</p> <ul style="list-style-type: none"> <li>• For single-family home retrofits that achieve modeled energy savings of 20-35% = lesser of \$2k or 50% project cost; &gt;35% energy savings = \$4k or 50% project.</li> <li>• For multi-family home retrofits achieve modeled energy savings of 20-35% = \$2k per dwelling (max \$200k); &gt;35% energy savings = \$4k per dwelling (max \$400k).</li> <li>• For low-income single/multifamily housing, rebate rate doubles up to 80% project cost.</li> </ul>	\$4.3 billion
<b>Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing (SEC. 30002)</b>	<p>New grant and loan program funding improvements for energy or water efficiency, indoor air quality, or sustainability, implement the use of low-emission technologies, materials, or processes, including zero-emission electricity generation, energy storage, org building electrification, or address climate resilience.</p> <ul style="list-style-type: none"> <li>• \$837.5M to HUD through 2028 for direct loans, modifying loans, and for grants.</li> <li>• \$60M for HUD to implement this section including reporting, research, and evaluation.</li> <li>• \$60M for HUD to administer contracts.</li> <li>• \$42.5M for eligible property energy and water benchmarking.</li> </ul>	\$1 billion (\$4 billion in loans)

# Environmental Justice


Program Name	Description	Total \$
<b>Greenhouse Gas Reduction Fund (Green Bank - SEC. 60103)</b>	<p>Provides funding for grants to state, local, regional, and Tribal programs that provide financial support to low and zero carbon technologies (like rooftop solar, and pollution-reducing technologies) and can act as seed capital for regional, local, state, or Tribal green banks that provide financial support for low or zero emission projects.</p> <ul style="list-style-type: none"> <li>• \$11.97 billion through 2024 to make grants for entities that provide financial or technical support to establish green banks.</li> <li>• \$15 billion through 2024 to make grants for entities to provide financial and technical support and support the deployment of clean energy technologies in low-income and disadvantaged communities.</li> </ul>	\$27 billion
<b>Environmental and Climate Justice Block Grants (SEC. 60201)</b>	<p>Investments for community-led projects covering a range of eligible activities, from pollution monitoring and prevention, to mitigating health risks from climate events like heat and wildfires, to climate resilience and adaptation, to reducing indoor air pollution; to increasing community engagement in public processes like rulemakings. The fund includes \$200 million to provide technical assistance to communities.</p>	\$3 billion
<b>Neighborhood Access and Equity Grant Program (SEC. 60501)</b>	<p>\$3 billion (\$1.1 billion for disadvantaged communities) for grants to improve transportation access and mitigate negative safety or environmental impacts in underserved communities.</p> <ul style="list-style-type: none"> <li>• Grants may be used for improvements to reduce air pollution and GHG emissions, manage stormwater run-off, address urban heat islands, and to monitor air quality, transportation related GHG emissions and pollution, and gaps in tree canopy coverage.</li> </ul>	\$3 billion

# Other

Program Name	Description	Total \$
<b>Climate Pollution Reduction Grants (SEC. 60114)</b>	Competitive awards to states, municipalities, tribes or air pollution agencies that support the establishment and implementation of plans to to reduce climate pollution. This program could support states and other subnational actors in the implementation of clean electricity policies; programs driving adoption of zero-emission vehicles and buildings; deployment of EV charging infrastructure; incentives for smart-growth, housing and transit-oriented development; climate-smart agriculture and lands conservation, and more.	\$5 billion
<b>Clean Vehicle Tax Credits (SEC. 13401)</b>	Tax credits/point-of-sale rebates of up to \$7,500 for new vehicles and \$4,500 for used vehicles (depending on domestic battery and critical minerals). Commercial clean vehicle tax credits of \$7,500 for light-duty and \$40,000 for heavy-duty. No unit-per manufacturer cap starting after Dec 31, 2022. Tax credit terminates by 2033. Includes both electric plug-in vehicles and fuel cell motor vehicles. Taxpayer can elect to transfer credits to eligible dealer that sold vehicle, meaning taxpayer gets credit equal to tax credit from dealer at point of sale.	\$12 billion
<b>Assistance for Latest and Zero Building Energy Code Adoption (SEC. 50131)</b>	Grants to assist States, and units of local government to adopt building codes for: Residential buildings that meets or exceeds the 2021 International Energy Conservation Code, or achieves equivalent or greater energy savings; Commercial buildings that meets or exceeds the ANSI/ASHRAE/IES standard; for residential and commercial buildings that meets or exceeds the zero energy provisions	\$1 billion
<b>State-based Home Energy Efficiency Contractor Training Grants (SEC. 50123)</b>	Funding through DOE to provide state energy offices with grants for the training of contractors on energy efficiency and electrification upgrades, including those in the above residential energy efficiency rebates and tax credits	\$200 million



# Priority Direct Opportunities

IRA	Renewable Energy Tax Credits (ITC)	High-Efficiency Rebates	Performance-Based, Whole Home Rebates AND Green Bank Finance	Climate Pollution Reduction Grants
	<ul style="list-style-type: none"><li>Renewable Energy Generation Projects (IFTM)</li><li>Solar + Storage on Public Buildings (BTM)</li><li>Capture tax credits with Direct Pay</li></ul>	<ul style="list-style-type: none"><li>Appliance Incentives</li><li>Potential to administer and layer with PCE incentives</li></ul>	<ul style="list-style-type: none"><li>Low-Income Home Upgrade</li><li>Potential to administer rebates and layer with PCE incentives. Use low cost capital to finance balance of costs</li></ul>	<ul style="list-style-type: none"><li>Climate Action Plans</li><li>Partner with CCAG and member jurisdictions</li></ul>

# Additional Opportunities & Timing

---

## Additional Opportunities

- Encouraging customers to use tax credits
  - Workforce and reach codes
  - Wholesale generation ownership
- (partial list)

## Timing

- Tax credits become available in 2023
- Rebates become available later, depending upon state agencies distribution capabilities