



# Colorado's Renewables under the Inflation Reduction Act

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MIKE KRUGER

MKRUGER@COSSA.CO

**COSSA**

# Grid Hardening and Resilience Through The IRA

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Inflation Reduction Act of 2022 (HR 5376)

The largest-ever U.S. investment in climate action - \$369 billion

- Nearly \$280 billion in **clean energy tax incentives**
  - \$121 billion in **clean electricity tax incentives**
- \$22.6 billion in decarbonizing transportation
  - Fleets and manufacturing electric vehicles
- \$50 billion to boost manufacturing of **domestic content** related to clean energy
- Nearly \$27 billion for **greenhouse gas reduction** fund
- Nearly \$20 billion in conservation and agricultural programs

# Domestic Renewable Energy Production

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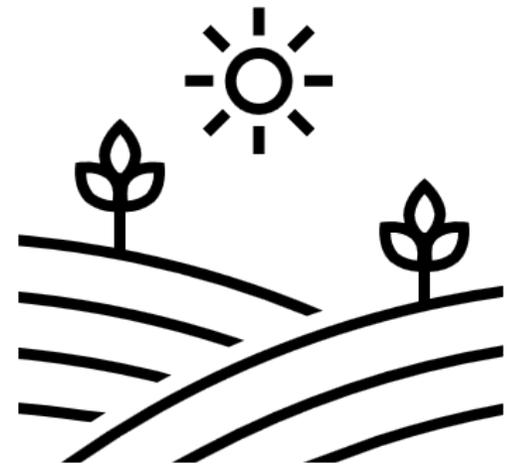
## Tax Credits for clean sources of **electricity and energy storage**

- Multipliers to the value of tax credits based on certain wage, apprenticeship, and domestic content requirements

\$30 billion in targeted grant and loan programs to accelerate the **transition to clean energy**

## **Direct Pay** (IRA §13801)

- Tax credit value will be available for direct payment to tax exempts, government entities, and co-operative corporations furnishing electricity in rural areas



# Renewable Energy Production Tax Credits

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## **Production Tax Credit** (IRA §13101)

0.3 cents per kWh produced and sold

- Can increase to 1.5 cents per kWh if wage and apprenticeship requirements are met
- 10% increase with compliance of domestic content requirements

# Renewable Energy Production Tax Credits

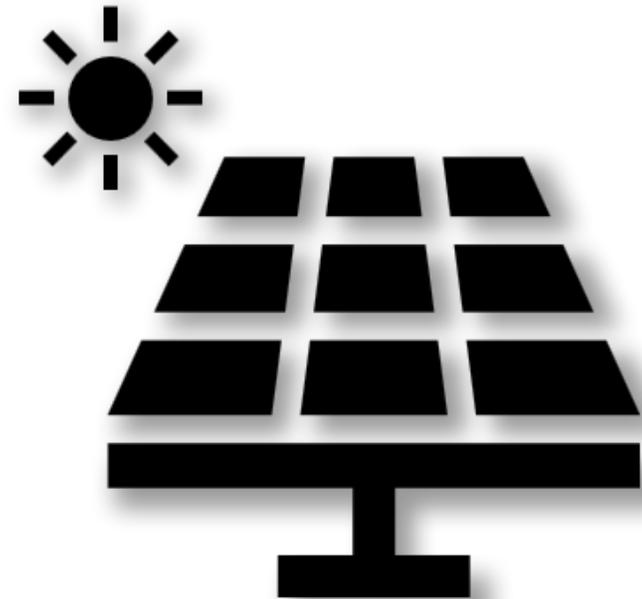
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## **Investment Tax Credit** (IRA §13102)

6-30% of qualifying project's cost basis

Projects may include:

solar facilities, small wind properties, qualified fuel-cell properties, waste energy recovery, stand-alone energy storage, qualified bio-gas properties, microgrid controllers, interconnection properties



# Renewable Energy Production

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## **Energy Efficient Commercial Buildings Deduction**

- (IRA §13303)
- \$1.8-\$5 per sq ft for energy-efficient improvements and renovations of existing properties

## **Clean Electricity Production and Investment Tax Credits**

- (IRA §13102); (IRA §13702)
- function very similarly to the PTC and ITC
- available to facilities producing electricity with *non-renewable fuel sources* but generating with *zero GHG emissions rates*

# Domestic Renewable Energy Manufacturing

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Grants and tax credits to **reduce emissions from industrial manufacturing processes**

- almost \$6 billion for competitive grants to be made by DOE
- 50/50 cost share basis for advanced industrial technology designed to accelerate greenhouse gas emissions reductions in an industrial process

**Production tax credits** estimated at nearly \$30 billion

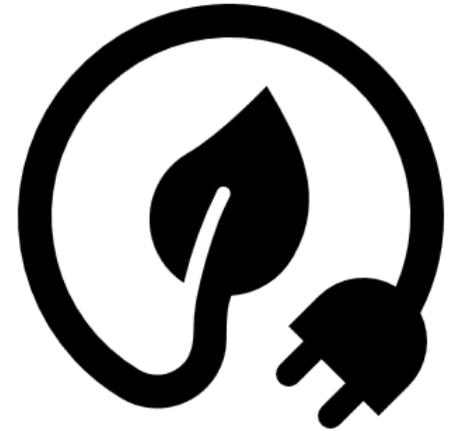
- To accelerate building clean manufacturing facilities for heat pumps, minerals processing, solar panels, wind turbines, batteries, electric vehicles, and more
- Building and re-tooling auto manufacturing facilities

# Renewable Energy Manufacturing Tax Credits

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## **Advanced Manufacturing Production Tax Credit**

- (IRA alternative section 45x)
- Available for all qualified component and critical mineral sales (production in the US and a sale to an unrelated third party), requiring no competition among projects.
- An array of solar energy, battery, and wind energy components, along with critical mineral production qualify



# Renewable Energy Manufacturing Tax Credits

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## **Clean Hydrogen and Carbon Capture**

- Generous credits for clean hydrogen production – on a sliding scale that depends on just how carbon-free the production is
- Credits for CC have increased in value and scaled to qualify at lower volumes of carbon capture for industrial facilities vs electricity generating facilities

# Renewable Energy Manufacturing Tax Credits

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## **DOE Loan Guarantees**

- The IRA adds new lending authority to the loan guarantee program for greenhouse gas reduction technologies and advanced vehicle manufacturing
- \$8.6 billion for DOE loan guarantees (enabling \$290 billion in authority)
- Grid decarbonization, infrastructure reinvestment, retool, repower, repurpose, or replace retired energy infrastructure (such as coal power plants) or to build new clean energy infrastructure
- Also \$3.6 billion for clean energy loan guarantees (enabling \$40 billion in authority)

# Next Steps for Colorado

## Xcel Energy eyes 4.7 GW of new solar, wind parks by 2032

Feb 14, 2022 12:24 PM ET

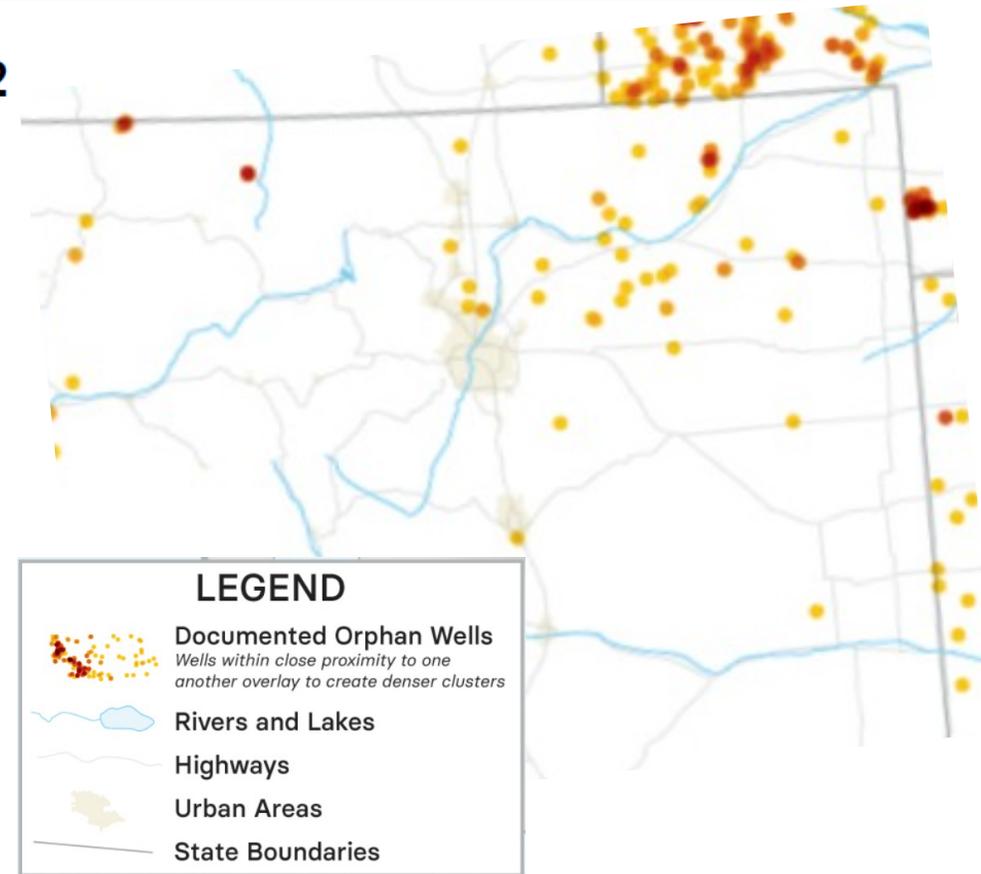
## New rules could mean more industry money to plug aging oil and gas wells in Colorado, regulators say

By Miguel Otárola · Mar. 3, 2022, 1:19 pm

## Colorado wants to be a hydrogen power hub of the future. What's that look like?

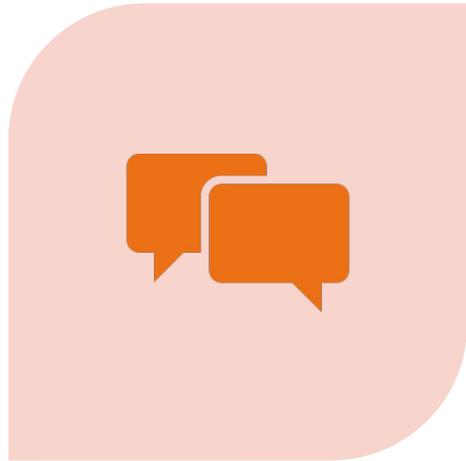
With federal billions at stake, a four-state compact in the West wants to be a leader in the clean energy category. But it may take a while.

Michael Booth 4:08 AM MST on Mar 2, 2022



# Questions?

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DISCUSSION



QUESTIONS

**Mike Kruger**  
President & CEO,  
Colorado Solar and  
Storage Association

[mkruger@coassa.co](mailto:mkruger@coassa.co)

