

THURSDAY OCTOBER 10TH, 2024



THE GRADUATE HOTEL, 11 DORRANCE ST, PROVIDENCE, RI 02903

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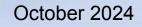
IRA Technical Assistance Summit: Unlock Federal Investments in Your Community



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Elective Pay and the Transition Toward a Clean Energy Economy

Ground Rules: Disclaimer

- This deck provides an overview of certain Inflation Reduction Act tax provisions for general informational purposes only and **is not itself tax guidance**.
- The content in this presentation is based on tax guidance on IRS.gov.
- This deck relies on simplifications and generalizations to convey high-level points about Inflation Reduction Act tax provisions. Please refer to guidance issued by the IRS for detailed information on the rules associated with Inflation Reduction Act tax provisions.



Introduction: The Inflation Reduction Act

- The Inflation Reduction Act (IRA) makes the largest investment in clean energy in United States history, and much of that investment is delivered via tax incentives.
- The Treasury Department is the federal agency responsible for **administering the tax code** and is **proud to be playing a central role** in implementing the Inflation Reduction Act's clean energy tax incentives.
- IRA, through its clean energy tax credits, is creating jobs, lowering costs, reducing pollution and improving health outcomes.



What is Elective Pay?

- With elective pay, tax-exempt and governmental entities that do not owe Federal income taxes are, for the first time, able to receive a payment equal to the full value of tax credits for building qualifying clean energy projects or making qualifying investments.
- Unlike competitive grant and loan programs, in which applicants may not receive an award, elective pay allows entities to get their payment if they meet **the requirements for both elective pay and the underlying tax credit**.



How Does Elective Pay Work?

Under the final rules, applicable entities for elective pay include:

- Tax-exempt organizations
 - Under final regulations, this includes any organization described in sections 501-530 of the Code that meets the requirements to be recognized as exempt from tax under those sections
- U.S. territory governments and their political subdivisions;
- States and political subdivisions, such as local governments;
- Indian tribal governments and their subdivisions;
- Agencies and instrumentalities of state, local, tribal, and territorial governments including public utilities, school districts, public hospitals and public higher education
- Alaska Native Corporations;
- The Tennessee Valley Authority, and
- · Rural electric co-operatives.

Note: In general, only "applicable entities" are eligible for Elective Pay.

However, other taxpayers that are not "applicable entities" may elect to be treated as an applicable entity with respect to three tax credits (for carbon oxide sequestration, production of clean hydrogen, or advanced manufacturing).



Applicable Tax Credits for Elective Pay

Tax Provision

Description

Production Tax Credit for Electricity from Renewables (§ 45, pre-2025)	For production of electricity from eligible renewable sources, including wind, biomass, geothermal, solar, small irrigation, landfill and trash, hydropower, marine and hydrokinetic energy. Credit Amount (for 2022): 0.55 cents/kilowatt (kW); (1/2 rate for electricity produced from open loop biomass, landfill gas, and trash); 2.75 cents/kW if Prevailing Wage and Apprenticeship (PWA) rules are met ^{1,2,3,7}
Clean Electricity Production Tax Credit (§ 45Y, 2025 onwards)	Technology-neutral tax credit for production of clean electricity . Replaces § 45 for facilities that begin construction and are placed in service after 2024. Credit Amount: Starts in 2025, consistent with credit amounts under section 45 ^{1,2,3,6,7}
Investment Tax Credit for Energy Property (§ 48, pre-2025)	 For investment in renewable energy projects including fuel cell, solar, geothermal, small wind, energy storage, biogas, microgrid controllers, and combined heat and power properties Credit Amount: 6% of qualified investment (basis); 30% if PWA requirements met ^{1,4,5,6,8}
Clean Electricity Investment Tax Credit (§ 48E, 2025 onwards)	Technology-neutral tax credit for investment in facilities that generate clean electricity and qualified energy storage technologies. Replaces § 48 for facilities that begin construction and are placed in service after 2024 Credit Amount: 6% of qualified investment (basis); 30% if PWA requirements met ^{1,4,5,6}
Low-Income Communities Bonus Credit (§ 48(e), 48E(h)) Application required	Additional investment tax credit for small-scale solar and wind (§ 48(e)) or clean electricity (§48E(h)) facil- ities (<5MW net output) on Indian land, federally subsidized housing, in low-income communities, and benefit low-income households. Allocated through an application process. Credit Amount: 10 or 20 percentage point increase on base investment tax credit ⁷
Credit for Carbon Oxide Sequestration (§ 45Q)	Credit for carbon dioxide sequestration coupled with permitted end uses in the United States. Credit Amount: \$12-36 per metric ton of qualified carbon oxide captured and sequestered, used as a tertiary injectant, or used, depending on the specified end use; \$60-\$180 per metric ton if PWA requirements met. ^{1,7}
Zero-Emission Nuclear Power Production Credit (§ 45U)	For electricity from nuclear power facilities. Facilities in operation prior to August 16, 2022. Credit Amount (for 2023): 0.3 cents/kWh (reduced rate for larger facilities); 1.5 cent/kWh if PW req's met ^{1.7}

* For footnotes, see irs.gov/pub/irs-pdf/p5817g.pdf. You can also learn more at IRS.gov/CleanEnergy and IRS.gov/ElectivePay.



Energy Generation & Carbon Capture

Applicable Tax Credits for Elective Pay

	Tax Provision	Description
Manufacturing	Advanced Energy Project Credit (§ 48C)	For investments in advanced energy projects. A total of \$10 billion will be allocated, not less than \$4 billion of which will be allocated to projects in certain energy communities.
	Application required	Credit Amount: 6% of taxpayer's qualified investment; 30% if PWA requirements are met 1
	Advanced Manufacturing Production Credit (§ 45X)	Production tax credit for domestic clean energy manufacturing of components including solar and wind energy, inverters, battery components, and critical materials.
		Credit Amount: Varies by component
Vehicles	Credit for Qualified Commercial Clean Vehicles (§	For purchasers of commercial clean vehicles. Qualifying vehicles include passenger vehicles, buses, ambulances, and certain other vehicles for use on public streets, roads, and highways.
	45W)	Credit Amount: Up to \$40,000 (max \$7,500 for vehicles <14,000 lbs) ⁹
	Alternative Fuel Vehicle Refueling Property Credit (§ 30C)	For alternative fuel vehicle refueling and charging property, located in low-income and non-urban areas. Qualified fuels include electricity, ethanol, natural gas, hydrogen, and biodiesel.
		Credit Amount: 6% of basis for businesses and can increase to 30% if PWA is met.
Fuels		
	Clean Hydrogen Production Tax Credit (§ 45V)	For producing clean hydrogen at a qualified, U.Sbased clean hydrogen production facility. Credit Amount: \$0.60/kg multiplied by the applicable percentage (20% to 100%, depending on lifecycle greenhouse gas emissions), amount increases if PWA is met ^{1,7}
	Clean Fuel Production Credit (§ 45Z, 2025 onwards)	Technology neutral tax credit for domestic production of clean transportation fuels , including sustainable aviation fuels, beginning in 2025*
		Credit Amount: \$0.20/gallon (\$0.35/gal for aviation fuel) multiplied by CO2 "emissions factor"; \$1.00/gallon (\$1.75/gal for aviation fuel) multiplied by CO2 "emissions factor" if PWA is met ^{1,7}

* For footnotes, see irs.gov/pub/irs-pdf/p5817g.pdf. You can also learn more at IRS.gov/CleanEnergy and IRS.gov/ElectivePay.



Certain requirements and bonuses that may affect the amount of elective pay applicable tax credits

Prevailing Wage and Apprenticeship Requirements	For a number of the tax credits created or modified by IRA, the credit amount is increased by five times for projects that meet requirements for paying prevailing wages and using registered apprentices. On June 18, 2024, the IRS and Treasury issued final rules on bonuses related to prevailing wage and apprenticeship requirements.
Domostia Contont	Projects or facilities that meet domestic content requirements are eligible for a 10 percent increase to the Production Tax Credit (sections 45, 45Y) or up to a 10 percentage point increase to the Investment Tax Credit (48, 48E).
Domestic Content Bonus	For projects or facilities beginning construction starting in 2024, for taxpayers using elective pay, the domestic content requirement can also result in a reduction of the Production Tax Credit or Investment Tax Credit if it is not met.
	On Dec. 28, 2023, Treasury issued guidance on this rule for projects beginning construction in 2024 (Notice 2024-9).
Energy Communities	Projects located in historical energy communities, including areas with closed coal mines or coal-fired power plants, are eligible for a 10 percent increase in the PTC and an up to 10 percentage point increase in the ITC.
Bonus	The bonus is also available to brownfield sites and to areas that have significant employment or local tax revenues from fossil fuels and a prior year unemployment rate at or above the national average.
Low Income Communities Bonus	The program provides an increased credit of 10 percentage points or 20 percentage points to certain applicable credits that are part of the investment tax credit for certain facilities located in low-income communities, Indian lands, or federal housing projects, or serving low-income households.
Credit Program	You must apply and receive a capacity allocation, and then place your facility in service to claim this bonus.



Clean Energy Investments Lower Cost

- Fleet Electrification Savings (U.S. Department of Energy)
 - EVs offer high fuel economy, which translates to lower operating costs.
 - EVs achieve their best fuel economy during stop-and-go driving conditions typical of many fleet applications.
 - Electricity prices are also less volatile than those of gasoline/diesel, making it easier to predict fuel costs over time. Lower off-peak electric rates may be available for charging, which further reduces EV fuel costs.



Clean Energy Investments Lower Cost

- Geothermal Savings (Ball State University Case Study)
 - As the coal fired boilers from the mid-20th century grew older and less efficient, Ball State University in Muncie, Indiana, grew larger. University staff needed to find a way to meet growing energy demands. Based on their research and analysis, the most cost-saving and energy-efficient solution was a campus-wide geothermal energy heating and cooling system.
 - Ball State's geothermal system heats and cools 47 buildings, covering 5.5 million square feet of space. In addition, Ball State saves approximately 45 million gallons of water, 500 billion British thermal Units (BTUs) of energy, and \$2.2 - \$2.5 million annually.)
- Solar Savings (San Antonio Case Study)
 - City officials plan to build and own the largest municipal onsite solar project in Texas. This \$30
 million project will install rooftop, parking, and park canopy solar photovoltaic systems at 42 city
 facilities to offset energy consumption over the long-term.
 - The projected electricity generated annually from this multi-site project is expected to offset an estimated thirteen percent of the City's electricity consumption from its buildings, which is expected to result in cumulative net financial savings between \$7 \$11 million over 25 years.



State of Elective Pay

- The Status of Uptake
 - It is useful to think of state and local governments in one of four categories:
 - Pre-Adopters
 - Early-Adopters
 - Planners
 - Beginners



Closing

- More Information on Direct Pay
 - ✔ IRS.gov/ElectivePay
 - ✓ Pre-filing Registration User Guide; How-to-Video
 - ✓ Permission Management User Guide
 - ✓ FAQs
 - ✔ CleanEnergy.gov/DirectPay
 - Subscribe to IRS e-News Subscriptions by visiting <u>IRS.gov/newsroom/e-news-subscriptions</u> Tax exempt & government entities
- More information on the IRA
 - ✔ IRS.gov/CleanEnergy



www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/

For more information

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PANEL: INTRO TO DIRECT PAY

<u>Moderator</u>: Tom Giordano Partnership for RI/Compete RI

SPEAKERS:

ALLI GOLD ROBERTS

Policy Director, United States Climate Alliance

SARA ROSS Co-Founder, Undaunted K12

BILL FAZIOLI

CEO and Executive Director, RI Infrastructure Bank



UNITED STATES CLIMATE ALLIANCE



Elective Pay Overview

RI Implements IRA: Project Workshop & Technical Assistance

October 10, 2024

Legal Disclaimer: The information provided on this presentation does not, and is not intended to, constitute legal advice; instead, all information, content, and materials provided are for general guidance purposes only.

Our Coalition

Launched in 2017 by the governors of Washington, New York, and California, the Alliance now includes governors from 24 states and territories, representing approximately 55% of the U.S. population, and 60% of the U.S. economy.



The Secretariat

Housed at the United Nations Foundation, the Alliance Secretariat is led by a team of climate experts that supports coalition members through:



Elective Pay enables governments, nonprofits, and other non-taxpaying entities to receive the value of certain clean energy and clean transportation tax incentives as a tax-free cash payment from the IRS.

The Inflation Reduction Act includes game-changing new provisions that will enable tax-exempt and governmental entities to take an active role in building the clean energy economy, lowering costs for working families, and advancing environmental justice.





The following organizations are eligible for Elective Pay:

- → Exempt organizations under Section 501 of the Tax Code
- → States and local governments, other instrumentalities (public schools, libraries)
- → Territories, agencies, instrumentalities
- → Municipally-owned utilities
- → Indian tribal governments
- → Alaska Native Corporations
- → Tennessee Valley Authority
- → Rural electric coops

* **Note:** Elective Pay-eligible organizations cannot use transferability to monetize tax credits. Please follow-up for further discussion on other monetization strategies for Elective Pay.

These entities are **not eligible** for Elective Pay:

- → Taxpayers
- → Entities that do not own the eligible project

Partnerships: Some partnerships structures are eligible for Elective Pay. However, please reach out to be connected with an expert to assist in structuring a partnership that enables Elective Pay.

Benefits of Elective Pay

Elective Pay dramatically enhances the financial viability of many clean energy projects owned by public & nonprofit organizations.

1





3

No competitive application: Guaranteed money for eligible projects Mostly uncapped tax credits Tax credits are often stackable with grants and other forms of financing

Available now!

What types of projects are eligible for Elective Pay?

Eligible Tax Credits:

- 30C: Alternative Fuel Refueling Property
- 45: Renewable Energy Production Tax Credit (PTC)
- 45Q: Carbon Dioxide Sequestration
- 45U: Zero-emission nuclear power
- 45V: Clean hydrogen production
- 45X: Advanced manufacturing production
- 45Y: Clean Electricity PTC
- 45Z: Clean Fuel Production
- 48: Energy Investment Tax (ITC)
- 48C: Advanced Energy Project
- 48E: Clean Electricity ITC
- 45W: Qualified Commercial Vehicles

Renewable Energy Projects (45/48 & 45Y/48E)

Wind, solar, solar plus battery storage, and geothermal energy projects. This could include putting rooftop solar on schools or publicly-owned buildings.

Electric Vehicles (45W)

Transitioning state & local government fleets to EVs, electric public transit, electric school buses and more. These projects have no domestic content requirements, and can be stacked with EPA Clean School Bus, Heavy-Duty Vehicle, DERA funds, and other federal programs.

EV Infrastructure (30C)

Elective Pay greatly reduces the cost of installing EV charging infrastructure, both in state & local government owned properties, as well as in the communities they serve.

Tax credit values vary, but many provide 30% + for tax credit for a qualified project.

Energy Efficiency Upgrades Are Not Eligible for Elective Pay

HOMES and HEEHRA provide significant funding to rehabilitate low income homes. However, these efficiency upgrades are not eligible for Elective Pay tax credits because the IRS did not make 179D tax credits eligible for Elective Pay. Section 179D enables building owners, architects, engineers, and contractors to claim a tax deduction for installing qualifying systems in buildings. If tenants make construction expenditures, they may also be eligible.

In building projects, consider negotiating the use of this tax credit into contracts to reduce construction costs.

Additional Bonus Tax Incentives

Prevailing Wage and Apprenticeship (PWA)

For many credits, PWA requirements must be met to achieve full 30% value of the tax credit.

Domestic Content Requirement

Meet Domestic Content requirements for a 10% increase to the PTC/CEPTC or up to 10 percentage point increase to the ITC/CEITC. For projects or facilities beginning construction in 2024 or later, elective pay phases down and eventually is eliminated altogether, unless the domestic content requirement is met.

Energy Communities Bonus

Potential 10% increase in ITC/PTC tax credits if located in area of current or former coal mining or coal power plant community, or significant employment/tax revenues from fossil fuels and higher than average unemployment.

Low Income Communities

Subject to competitive application for a capped annual amount, an additional 10-20% for projects located onTribal land, in federally subsidized housing, in low-income communities, or in low-income economic benefit projects.

Elective Pay Process

Registration

Register the relevant project on the IRS portal. See this video for an introduction.

- Pre-Filing Registration: File a pre-registration form in the portal to receive registration ID for *each* eligible credit property (ex: ID # for each EV purchased).
- Documentation needed for qualifying projects:
 - Info for each eligible project/property
 - Identify each credit you intend to earn
 - Date Placed in Service
 - Size (for EV make/model)
- No Amendments to Tax Return: Current draft rules do not allow you to revoke or amend your tax form to change the type of credit you intend to take.

Make IRS Filings

File tax return (Form 990-T) & Form 3800 with registration number and supporting documentation by tax deadline of 4.5 months after the end of taxable year (+6-month extension if requested). Work with an accountant and tax professional to do so, and set up an e-filing resource, which could be:

- Taxslayer Pro (Drake Soware's tax preparation software)
- ProConnect Tax Online (Intuit's cloud-based tax preparation software)
- TaxAct, Inc.
- CCH, A Wolters Kluwer Business

Receive IRS Refund

IRS makes payment after review of tax filing, and will likely be more than 1 year after project is placed into service.

How states can maximize clean energy investments through Elective Pay

Educate and Share Resources about Elective Pay & Eligible Projects

Many elective pay-eligible organizations do not know that they can now receive tax credits for building clean energy projects. States are uniquely situated to educate and engage local governments, school districts, Tribes, and nonprofit community partners to empower them to take advantage of elective pay.

Lead by Example Through Project Ownership

State governments are among those eligible for elective pay tax credits. The reduced cost of investing in clean energy should empower states to set and achieve more ambitious clean energy goals for their own operations. Especially given the low interest rates at which states can borrow, they can often see short payback periods on new clean energy investments and significant cost savings in the long run.

Enable Local Projects Through Project Financing

Because the elective cash payment is received after the energy project is completed, it can be challenging for owners – especially community-based nonprots and low-income communities – to fund all costs up front. Furthermore, some projects may require additional financial support to be viable, and for states to achieve their equity goals. States can solve this through unrestricted grant programs, bridge loans, long-term debt, or credit enhancements to eligible entities.

For more strategies, please read the <u>Clean Energy Finance</u> <u>Strategy for State Governments memo here</u>.

Additional Resources

Clean Energy Tax Navigator

Elective Pay Resources Page

Here are some of the best external resources from Lawyers for Good Government (L4GG).



Inflation Reduction Act & Schools: New federal funding for healthy, sustainable, cost-effective schools

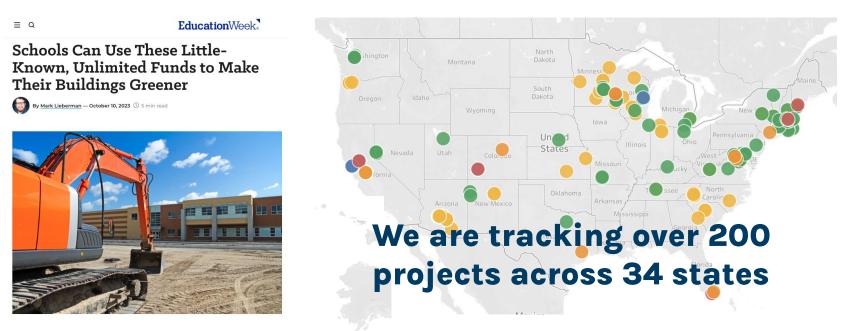
Who we are

4UNDAUNTEDK12

Our mission is to support America's K-12 public schools to make an equitable transition to zero carbon emissions while preparing our youth to build a sustainable future in a rapidly changing climate.

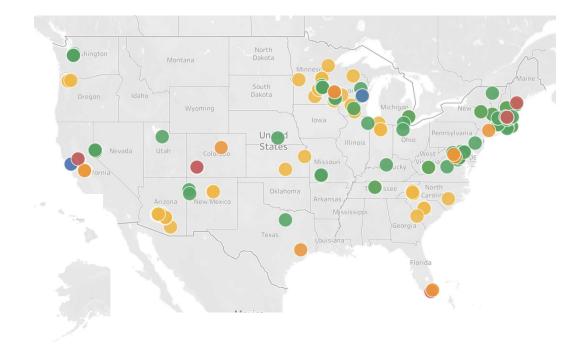






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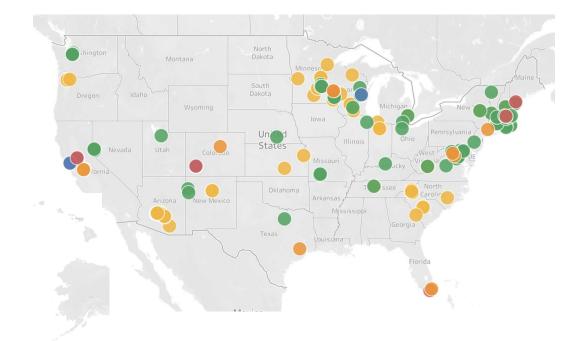


UPNORTHNEWS



Wisconsin schools are saving money with solar thanks to the Biden-Harris administration's Inflation Reduction Act







County News, Featured

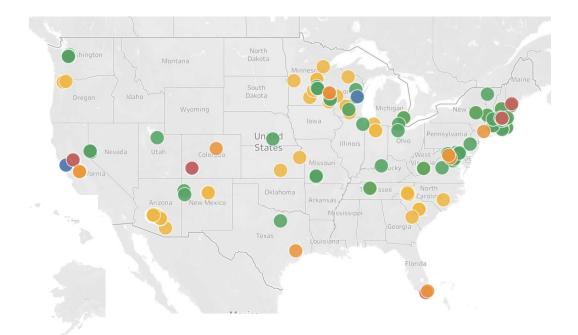
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Greenbrier public schools invest \$14M in renewable energy

By Stephen Baldwin, RealWV

Behind the joint campus of Western Greenbrier

a therealwv.com



The IRA provides non-competitive, uncapped funding for these technologies



*Just ground-source heat pumps, not air-source

Clean energy benefits students, staff and communities



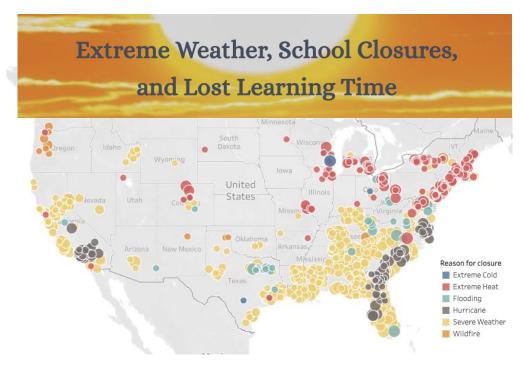
Addressing the cooling crisis in our classrooms

How this one climate fix means a school nurse sees fewer students sick from the heat

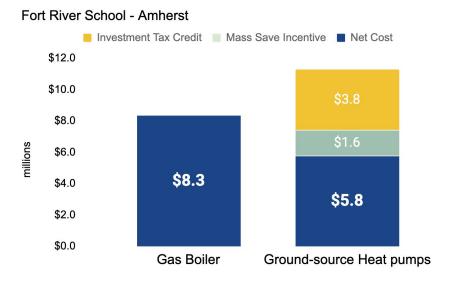
CLIMATE



1 of 2 | A school bus sits outside Johnson Senior High School in St. Paul, Minn., Sept. 5, 2024. (AP Photo/Doug Glass)

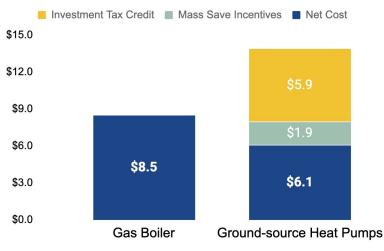


Tax credits are making clean energy irresistibly affordable

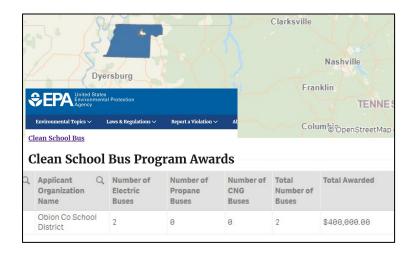


DeValles School - New Bedford

millions



We can stack grants and tax credits



Obion County School District (TN) was awarded a \$400k grant for two electric school buses.

	Diesel	Electric		
Sticker price	\$142,000	\$385,000		
EPA bus grant		-\$200,000		
Tax credit		- \$40,000		
Net price	\$142,000	\$145,000		

After incentives, price difference with diesel is equivalent to the cost of an additional seat belt!

What municipal leaders are saying...

Town to Receive \$2.2 Million in Tax **Credits for Bowers School Project**

Published on August 01, 2024

Manchester CT - The Town of Manchester is pleased to announce a significant financial milestone with the forthcoming receipt of \$2.2 million in tax credits for the Bowers School project, saving taxpayers millions. This achievement will create a substantial reduction in the debt issuance needed for the project, thanks to strategic collaboration with auditors to leverage the IRA (Inflation Reduction Act) clean energy tax credits.



...will create a substantial reduction in the debt issuance needed for the project"

> "We are proud to have saved our town millions of dollars by strategically applying for IRS clean energy tax credits"



"...benefits our community financially but also contributes to a sustainable future for generations to come"

Detailed analysis of tax credits on Bondlink



Town of Manchester, CT Investor Relations

BONDLINK 🕏

Bowers School 🕖

View all \rightarrow

An inner-ring suburban town with almost 60,000 people, Manchester is typical in that it has lots of old municipal buildings. Buckley opened in 1954, part of a post war boom that also included construction of Bowers Elementary in 1950 and Keeney Elementary in 1956 (these being the two schools scheduled to be renovated to 'net zero' right after Buckley is finished).

In June 2019, residents approved through referendum a \$93 million package that included \$81 million to renovate Buckley and two other elementary schools (Bowers and Keeney), with town officials bumping up projected construction costs by 5 percent to reach that NZE target.



Figure the annual energy savings at Buckley at about \$100,000 per year and that's another \$2 million over 20 years, with comparable savings projected for Bowers and Keeney, which are also slated to be net zero energy when they are renovated.



https://www.manchesterctbonds.bondlink.com/manchester-ct-investor-relations-ct/about/ project/i3335?projectId=55599

Town of Manchester, CT Geothermal Heat Pump & Solar Investment Tax Credit Analysis Tax Year Ended December 31, 2023

Prepared by: CLA Federal Tax Strategies

CPAS | CONSULTANTS | WEALTH ADVISORS CLACOPPICT

The Inflation Reduction Act and Schools: Resources for Leaders and Advocates

Overview

Key Features

Non-competitive: All schools with qualifying

projects are eligible to claim clean energy tax

The Inflation Reduction Act & Schools

New funding for healthy, sustainable, efficient schools

Overview

help schools defray the cost of clean energy equipment that can promote health. sustainability and efficiency.

credits Cash reimbursement: Tax credits will be paid to schools in the form of a cash reimbursement. Available for years to come: Funding is available by The Inflation Reduction Act is statute until at least 2032. poised to be the largest ever Unlimited funding: There are no caps on funding. federal investment in school Schools can claim multiple tax credits in a single infrastructure. year and over subsequent years

	Solar Energy: Generates on-site, reliable, clean energy at a fixed price. Nationally, one in every 10 schools is already solar-powered.			
Energy Sterage: Provides back-up power. Can also contribute to a reduction of utility costs, generate revenue, and reduce carbon emissions.		Sec. 48 Investment Tax Credit		
ŝ	Ground-Source Heat Pumps: Provides heating and cooling with ane set of equipment. Up to six times more efficient than a "high-efficiency" furnace.			
	Electric Vehicles: Reduces exposure to harmful air pollutants for students and communities, while lowering fuel and maintenance costs. Includes buses, white fleets, and electric lownmowers.	Sec 45W: Commercial Clean Vehicles Tax Credit		
Ç)r	Electric Vehicle Charging Equipment: Facilitates charging of electric school buses and other electric vehicles.	Sec 30C: Alternative Fuel Refueling Property		

Getting Started

Getting Started with the Inflation Reduction Act

5 steps that districts can take to maximize non-competitive, uncapped federal funding to support healthy, resilient, cost-effective schools

Overview The Inflation Reduction Act (IRA) offers school districts

1

2

approved.

www.UndauntedKl2.org Updated August 2024

federal reimbursement via Elective Pay across a range of eligible technologies: solar, energy storage, ground source heat pump HVAC systems, electric vehicles, and electric vehicle charaina infrastructure. This guide outlines the steps school districts can take to install clean energy equipment and maximize their Elective Visit Schools and the IRA I Pay reimbursment.

Put IRA on the Agenda

Put IRA on the agenda for your next meetings with other district leaders (CFO, CBO, Facilities Director, Superintendent, School Board Members, etc.). Share our one-pager about the IRA opportunity at an upcoming district cabinet or

staff meeting. Task someone on the team with assesing the size of the opportunity for your district Consider convening a team of district decision-makers, facilities and sustainability experts, utility representatives, and private sector partners to make a plan.

Claim Credits for Completed Projects Review recent work to identify eligible clean energy Eligible Technologies: equipment placed in service after Dec 31, 2022. Solar Energy · Energy Storage For each piece of qualifying equipment, gather relevant documentation. · Ground-Source Heat Pumps Complete a pre-filing registration using the IRS Flectric Vehicles Elective Pay portal. Electric Vehicle File Form 990-T and other applicable forms Charging Receive payment from IRS after submission is Equipment

FUNDAUNTEDK12

more information.

Advocates Guide to IRA

Advocating for Clean Energy in your District

Making the Case to District Leaders About the Inflation Reduction Act

Overview

The Inflation Reduction Act (IRA) offers school districts federal funding via Elective Pay reimbursement for a range of eligible clean energy technologies: solar, energy storage, ground-source heat pump HVAC systems, electric vehicles, and electric vehicle charging infrastructure. This funding is unlimited, noncompetitive. and available until at least 2032.

Visit Schools and the IRA fa This document provides resources and reasons why

CLICK HERE

The Advantages of Clean Energy Technologies for Schools

Improves student health and learning environments

Clean energy can keep school building temperatures comfortable, support healthy arning environments, and provide hands-on learning opportunities for students

Creates resilient schools and communities

lean energy can enhance the resilience of school compuses allowing buildings o serve as emergency shelters through extreme weather and power disruptions.

Utilizes cost-effective technology that generates ongoing savings

With new state and <u>federal incentives</u> , clean energy is often the more affordable		Wisconsin - New School Construction Project			
choice for districts.		\$8.0	invester	ent Tax Credit 🔳 Net Cost	
 Many districts are eligible for bonus credits through the IRA. 		\$6.0		and the second second	
Clean energy machines have lower	relions	\$4.0		\$2.1	
operating costs than conventional ones.	1	\$2.0	\$4.6	\$4.1	
 Some state policies now penalize buildings that emit pollution from burning fossil fuels. 		\$0.0	Gas Boller	Ground-source Heat Pumps	
www.UndauntedKl2.org Updated September 2024			/ UNI	DAUNTEDK	

IRA Board Resolution

Template District Resolution To Explore Inflation Reduction Act Reimbursements

DISTRICT RESOLUTION TO EXPLORE INFLATION REDUCTION ACT REIMBURSEMENTS TO REDUCE THE COST. OF IMPROVEMENTS TO SCHOOL INFRASTRUCTURE AND TO CREATE HEALTHER AND SAFER LEARNING ENVIRONMENTS FOR STUDENTS, TEACHERS, AND STAFF

Whereas, schools can only fulfill their educational mission when students and staff are provided with healthy and safe learning environments; and

Whereas, students spend on average over 15,000 hours inside school buildings by the time they graduate high school; and

Whereas, schools are increasingly subject to the impacts of extreme weather events that threaten the well-being of students, families, teachers and staff; and

Whereas, modifications to infrastructure, buildings and vehicles can create healthier and safer learning environments; and

Whereas, the federal Inflation Reduction Act provides uncapped, noncompetitive funds for the next ten years for such modifications, including geothermal heat pumps, solar installation, battery storage, thermal storage, electric vehicles, and charging stations; and

Whereas, the federal Inflation Reduction Act will reimburse public schools for a significant share of the cost of these projects; and

Whereas, these technologies can be both more affordable to install with the inflation Reduction Act reimbursement and more affordable to operate over the technology's lifespan; and

Whereas, these savings will allow schools to invest more money in teaching and learning; and

Whereas, the benefits of transitioning to these technologies are numerous, including creating healthier, safer, and more resilient learning environments that improve student learning, educational outcomes, and staff retention in addition to reducing asthma and sick days; and

Whereas, schools powered by clean energy can serve as emergency shelters during extreme weather to benefit the broader school community,

Therefore, Be it Resolved That,

The Board directs district leadership to research and analyze the opportunities available through the inflation Reduction Act; and

- The Board directs district leadership to report to the Board and school community within four months] on what steps the district will take to access inflation Reduction Act dollars in: new school construction,
 - major modernizations,
- replacing end-of-life machines and vehicles.
- and in proactively replacing machines and vehicles that are inefficient or that contribute to unhealthy or more expensive school learning environments

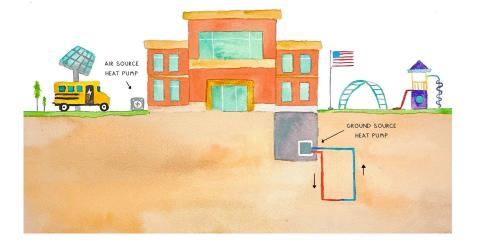
www.UndountedK12.org | September 2024





districts should install clean energy equipment and guidance on how to maximize Elective Pay reimbursement.

COOL SCHOOLS HAVE HEAT PUMPS



Questions?

Sara Ross, Co-founder sara@undauntedk12.org

Stay in touch @UndauntedK12



Tell us about your projects. Thank you!

FUNDAUNTEDK12 NICOLE KELNER

Financing Options for Elective Rebate Communities



About the Infrastructure Bank

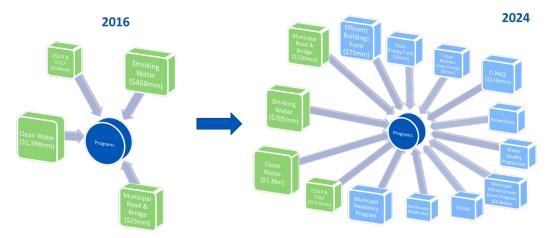
Rhode Island's centralized hub of local infrastructure investment

Over \$2.9 billion in financial assistance since 1989



Program Expansion to Meet Growing Demand

- Originally provided financial assistance for clean water and drinking water systems through state revolving loan fund
- Program portfolio expanded in 2016 to support road, energy, and stormwater projects



Programmatic Needs

RIDE anticipates more than **\$1 billion** in school-related construction permitted across the state

- Many school districts have a backlog of construction projects
- Escalating costs put long-planned projects at risk

• Municipalities must comply with Act on Climate, Green Buildings Act regulations

• Financing tools with the ability to provide gap & bridge financing are in need

A Clean Energy Fund for Public Entities

RIIB can provide free technical support for the Direct Pay Program

- Tax Attorney to determine eligibility, apply and file necessary forms
- <u>IRS Activates Registration Portal for Energy Investment Subsidies Available to Tax-Exempt Entities -</u> <u>Hinckley Allen</u>
 Final Regulations for Energy Investment Subsidies Available to Tax-Exempt Entities - Hinckley Allen
- Municipal Financial Advisor to structure financing options

• RIIB can provide financial assistance for eligible projects

- Interim funding during construction phase to get projects across the finish line
 - Eases cash flow and reduces debt burden
- Permanent funding source for clean energy projects
 - Highly subsidized borrowing rates & minimal transaction costs
 - Debt can be issued on a taxable basis, (with subsidized rates) to allow for full 30% credit

Eligible Projects

• Energy-Efficient Construction

- >20% total energy reduction
- Includes electrification and clean/low intensity heating measures like heat pumps
- Above-code building insulation measures including thresholds, doors, windows, etc.

• Renewable Energy Projects

- Solar PV & Wind Projects
- Emerging technologies including geothermal systems and microgrid networks

Case Study: East Providence

East Providence High School

- A \$190 million school construction project, partially financed with a \$28 million EBF loan
- Includes energy conservation measures like low-energy lighting, heating, and cooling
- Measures projected to save the City over 18 million kWh of electricity and almost \$1 million on debt service payments



Efficient Buildings Fund (EBF)

Attractive, long-term financing for the completion of energy efficiency and renewable energy projects



- Flexible loan structure
 - Up to 15-year repayment terms
- Comprehensive scope multiple projects in multiple buildings
 - Projects include boiler upgrades, lighting, and windows
 - Eligible buildings include <u>schools</u> and municipal buildings
- Financing for new construction of Town buildings (McHale Complex, Garage Addition)
- Loans are currently offered at 33% below borrower's market rates
- Free engineering consulting assistance to help you prioritize your energy efficiency needs



Town of Westerly Public Works Facility

- Completed comprehensive building upgrades to the Lighting, HVAC and Roof
- Installed rooftop solar array

Thank you!



OVERVIEW OF THE CLEAN ENERGY TAX NAVIGATOR



