

Federal Law, Local Impact: The Inflation Reduction Act (IRA)

John Urbahns

President & CEO



**GREATER
FORT WAYNE INC.**

METRO CHAMBER ALLIANCE

Thank you!

Tim Pape

- Carson LLP
- Partner
- pape@carsonllp.com

Graham Richard

- Senior Advisor Finite.io
- CoFounder Orchard Collaborative
- Mayor Fort Wayne 2000-2007
- gr@grahamrichard.com

Andrew Downs

- Andrew Downs Consulting, LLC
- President
- downsa@andrewdownsconsulting.com



CARSON LLP

Agenda

Welcome

Case Studies: Rooftop Solar Projects in Allen County (Ellen Cutter, moderator)

- Junior Achievement of Northern Indiana
- Sweetwater Sound
- Turnstone Center for Children & Adults with Disabilities
- Solar Solution Technologies

Financing and Incentives for Solar Projects (Moderated by John Urbahns)

- Baker Tilly US, LLP
- Halo Solar Funding

Q & A

Case Studies: Rooftop Solar Projects in Allen County

Ellen Cutter

Chief Economic Development Officer

ecutter@gfwinc.com



**GREATER
FORT WAYNE INC.**

METRO CHAMBER ALLIANCE

Case Studies in Solar

Andrea Van Wyngarden, Controller

Junior Achievement of Northern Indiana

Matt Knipstein, Senior Director, Campus Facilities & Maintenance

Sweetwater Sound

Rena Shown, Chief of Development & Strategic Partnerships

Turnstone Center for Children & Adults with Disabilities

Patty Middleton Jones, Co-owner

Solar Solution Technologies

Junior Achievement of Northern Indiana

Andrea Van Wyngarden

Controller

andrea.vanwyngarden@ja.org



**GREATER
FORT WAYNE INC.**
METRO CHAMBER ALLIANCE



Junior Achievement of Northern Indiana

Junior Achievement

- 36,500 sq. ft. building on Wallen Road opened in 2019
- 257 kWh system (572 solar panels) installed, operational in summer 2022
 - 1,360 kWh (on average) generated per sun-filled day
 - 1,055 kWh per day is facility's average daily use
- Estimated 30-year lifespan
- Financial impact:
 - \$38,000 annual energy savings
 - 80% reduction in energy costs
 - 10-year payback on investment



**2021-2022
Impact Across Our
29 Counties**

**152,928
Student Experiences**

**6,290
Classes**

**454
Schools**

Junior Achievement of Northern Indiana

Sweetwater Sound

Matt Knipstein

Senior Director, Campus Facilities & Maintenance

matt_knipstein@sweetwater.com



**GREATER
FORT WAYNE INC.**

METRO CHAMBER ALLIANCE



Platinum LEED Certified
First 200 buildings globally

Eco-Friendly Processes
Reduce & recycle



**GREATER
FORT WAYNE INC.**
METRO CHAMBER ALLIANCE



Sweetwater Sound – 93,000 sq ft. solar installation



**GREATER
FORT WAYNE INC.**
METRO CHAMBER ALLIANCE

Sweetwater Sound

- System operational in December 2022
- 1 megawatt system
 - 1.7 million kilowatt hours, annually
- 93,000 sq ft (two football fields), 2600 solar panels
- 1.5 million pounds reduction of carbon dioxide emissions
 - Equivalent of nearly 79,000 gallons of gasoline



eGauge80032 Center

[View](#) | [LAN Access](#) | [Tools](#) | [Settings](#) | [Help](#)

3/24/2023 8:47am - 4/24/2023 8:23am

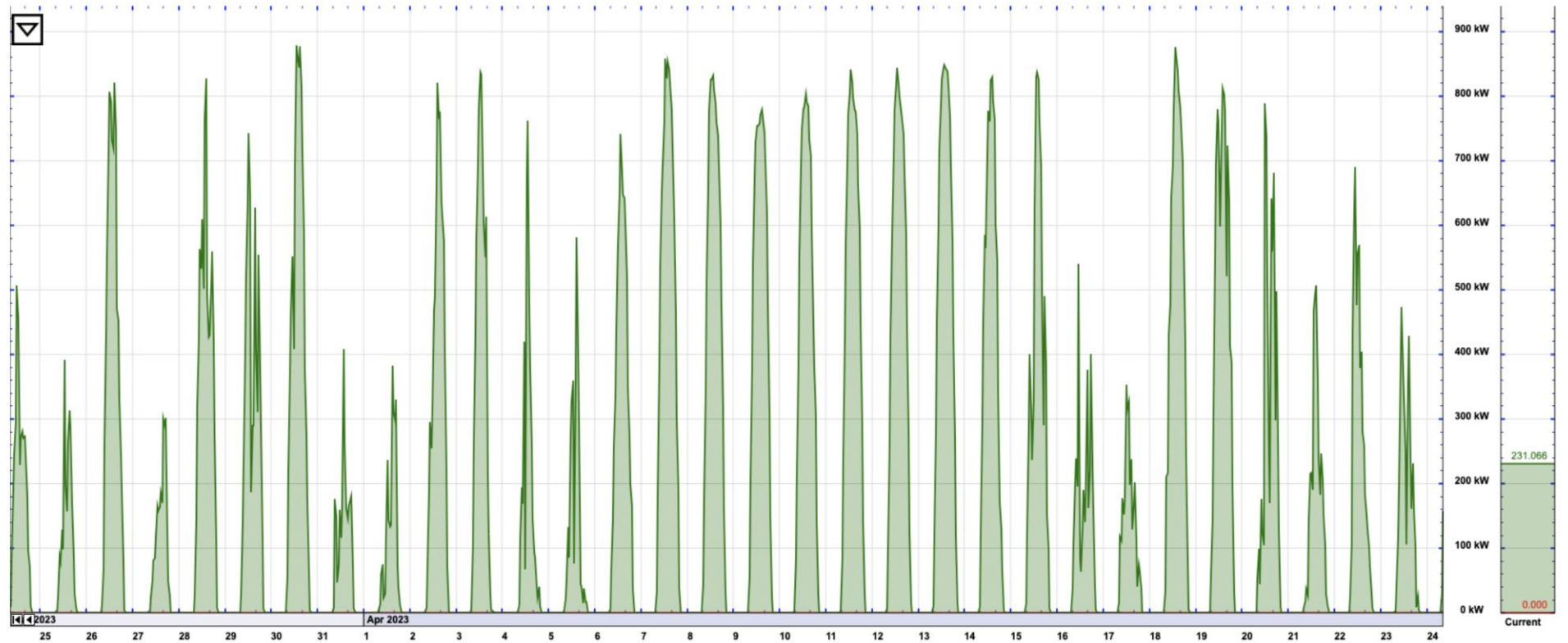
Summary for time-period shown in graph

Energy Used	0.00 Wh	(approx. \$0.00 used)
Energy Generated	137 MWh	(approx. \$17,860.19 saved)
Net	137 MWh sold	(approx. \$17,860.19 earned)

Summary over last 30 days

Energy Used	0.00 Wh	(approx. \$0.00 used)
Energy Generated	135 MWh	(approx. \$17,550.82 saved)
Net	135 MWh sold	(approx. \$17,550.82 earned)

- All
- 1y
- 6M
- 3M
- 1M**
- 3w
- 1w
- 3d
- 1d
- 12h
- 6h
- 3h
- 1h
- 10m
- Auto
- 500kW
- 100kW
- 50kW
- 10kW
- 5kW
- 1kW
- 500W
- 100W
- 50W



Turnstone

Rena Shown

Chief of Development & Strategic Partnerships

rena@turnstone.org

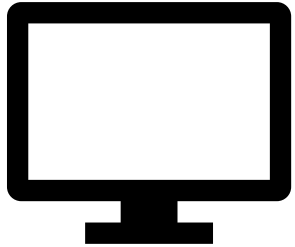


**GREATER
FORT WAYNE INC.**
METRO CHAMBER ALLIANCE

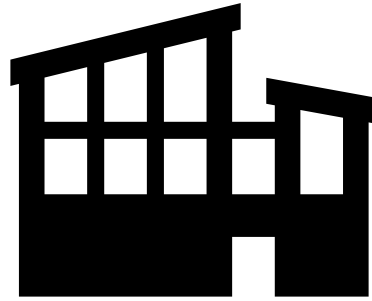


Turnstone Center for Children & Adults with Disabilities

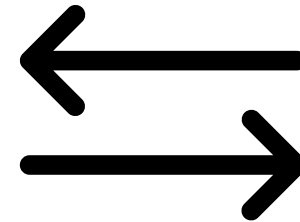
Turnstone – AWS Vantage Grant



**Digital
Infrastructure**

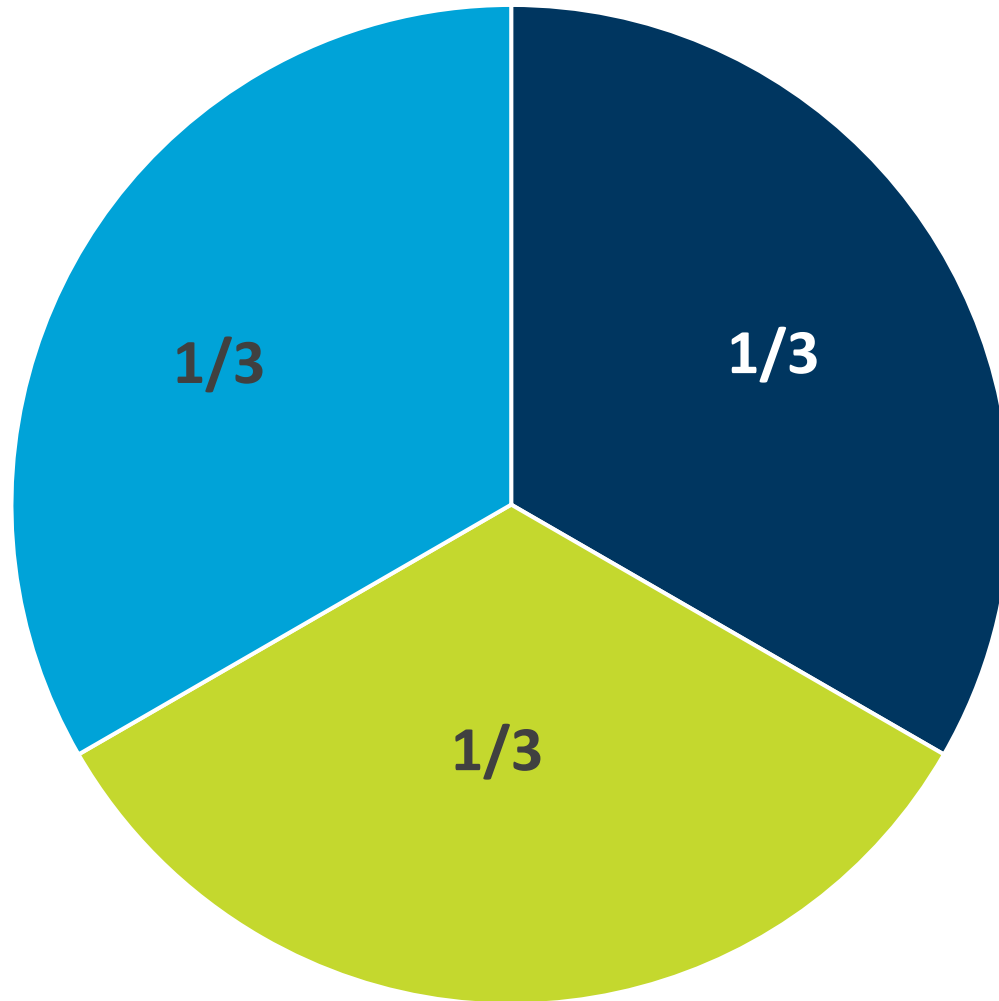


**Facility
Infrastructure**



**Navigating
Change**

■ Private Funding ■ Utility Savings Reinvested ■ IRA Direct Pay Benefits



Solar Solution Technologies

Patty Middleton Jones

Co-Owner

pmiddleton@solarsolution.us



**GREATER
FORT WAYNE INC.**
METRO CHAMBER ALLIANCE

Due Diligence Questions for Solar Installers

1. Where are your panels manufactured and what brand of inverters are you using?
2. How many kWh will your system produce on an annual basis? Can you direct me to online reports?
3. Do you use string or individual inverters?
4. Will you work with the electric company to get interconnection approval?
5. If a rooftop system, will you consider the issues of roof age, roof structure, and roofing material warranties?
6. Can you assist in setting up an account for me to trade the carbon credits associated with my install?
7. Can you analyze my electric bill to tell me which charges will be eliminated?

Questions for your electric provider

1. How much of my monthly bill will be eliminated with my new solar installation?
2. Do you have a net metering policy?
3. If there is no net metering policy, how much will you pay me back for any energy I send back to you?
4. What rate schedule am I on now and what are the details of my new rate schedule if I install solar?

Financing and Incentives for Solar Projects

John Urbahns

President & CEO



**GREATER
FORT WAYNE INC.**

METRO CHAMBER ALLIANCE

Baker Tilly US, LLP

Doug Baldessari

CPA, Partner

Doug.Baldessari@bakertilly.com



**GREATER
FORT WAYNE INC.**

METRO CHAMBER ALLIANCE



Inflation Reduction Act: Clean Energy Incentives

Greater Fort Wayne, Inc. Event

April 24, 2023

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and wholly-owned subsidiary of Baker Tilly US, LLP, an accounting firm. Baker Tilly US, LLP, trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2023 Baker Tilly US, LLP

Inflation Reduction Act

Referred to as “Act” or IRA



Aug. 16, 2022
signed into law



728
pages



\$738 billion
in funding

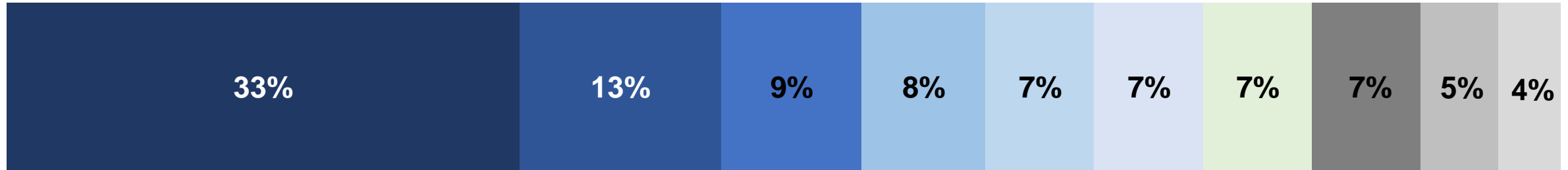


\$499 billion
in new spending
and tax cuts

Per the Congressional Budget Office – September 7, 2022



Breakdown of \$499B in available funding



- 33% — Clean Electricity Tax Credits
- 13% — Extension of Expanded ACA Subsidies
- 9% — Par D Re-Design, LIS Subsidies, Vaccine Coverage, Insulin
- 8% — Air Pollution, Hazardous Materials, Transportation and Infrastructure
- 7% — Individual Clean Energy Incentives
- 7% — Clean manufacturing Tax Credits
- 7% — Clean Fuel and Vehicle Tax Credits
- 7% — Conservation, Rural Development, Forestry
- 5% — Building Efficiency, Electrification, Transmission, Industrial, DOE Grants and loans
- 4% — Other Energy and Climate Spending



“Direct Pay” Tax Credits

For the first time, a segment of public sector energy project owners will have access to “Direct Pay” Tax Credits



INDUSTRY INVOLVEMENT

Eligible entities for “qualifying energy projects” tax credits

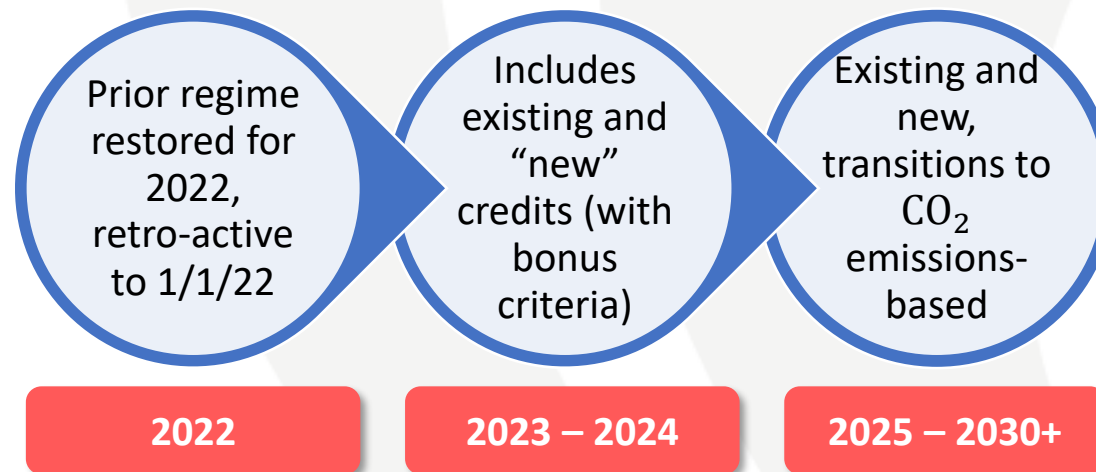
- Cities, towns, counties, municipal utilities, and schools are eligible for clean energy tax credits!
- Instrumentalities?
- File for a direct pay tax credit from the federal government to the tax-exempt entity for qualifying clean energy project.
 - Reduced local funding and direct costs



Inflation Reduction Act

- Over 70 separate tax credits in the IRA
- Many of these credits and incentives are entitlements, meaning if your project meets specific criteria you are entitled to the tax credit
- Most credits are effectively good through 2032
 - The longest U.S. “energy policy” timeframe ever

Timeline summary:



How big is the “energy” piece of the Act?

**Wind, solar,
hydro**

**Biomass,
combined
heat & power,
geothermal**

**Carbon
capture**

**Electric
vehicles**

**Renewable
/ Low-
carbon
fuels**

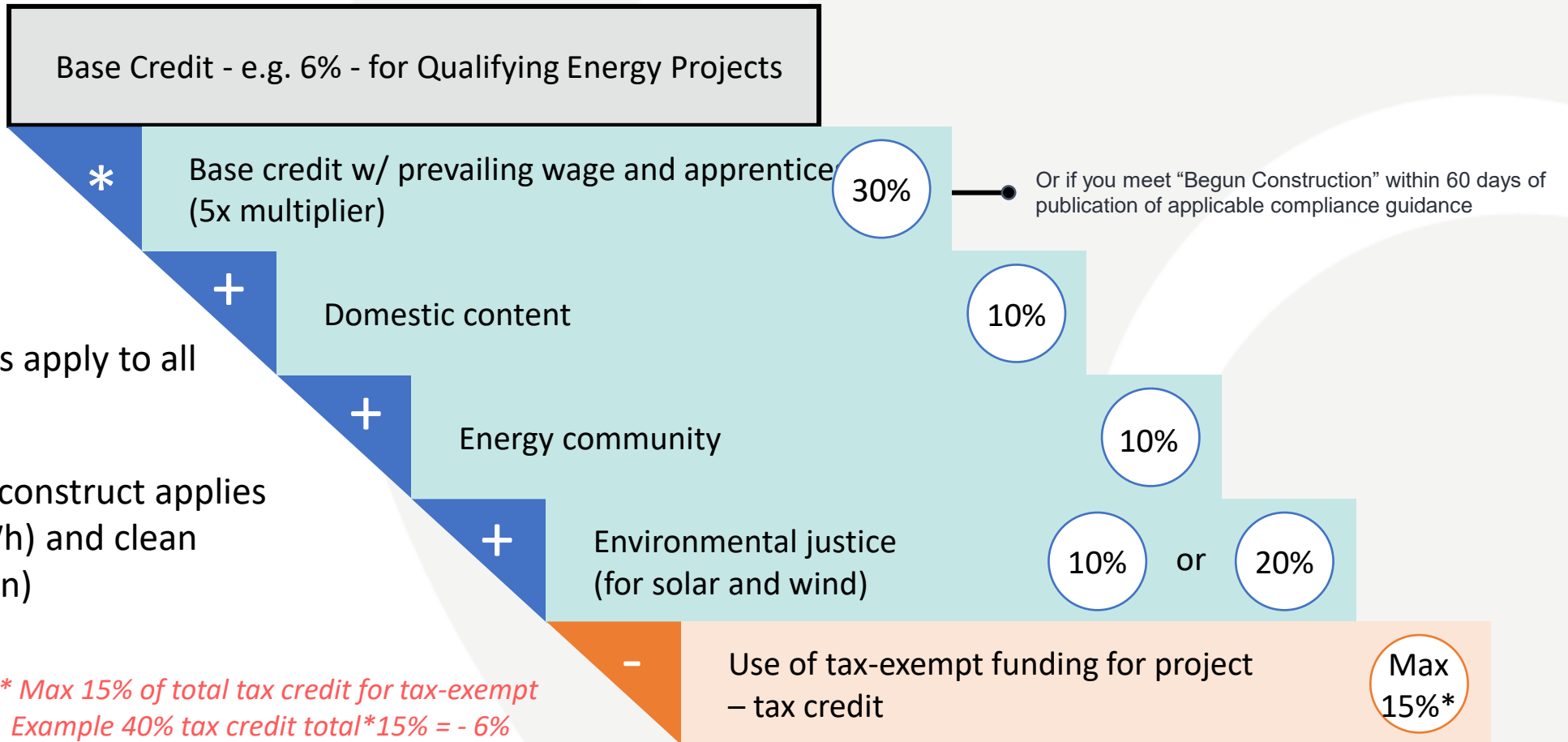
How big is the “energy” piece of the Act?

New credits

- Qualifying biogas ITC
- Solar PTC
- Sustainable aviation fuels
- Clean hydrogen PTC
- Storage (e.g., batteries)
- Zero emission nuclear
- Clean transportation fuels
- Energy efficiency construction (commercial and residential)
- Clean energy manufacturing
 - Advanced manufacturing production credit
 - Advanced energy credit
- EV infrastructure (comm and res)
- EV vehicles (comm and res)

Direct Pay Tax Credits

“Base Credit” + “Bonus Criteria” is the overriding theme of the new credit regime



- Not all credits apply to all projects
- Same bonus construct applies to PTC (\$/kWh) and clean fuels (\$/gallon)

** Max 15% of total tax credit for tax-exempt
Example 40% tax credit total*15% = - 6%*



Environmental justice allocations – recent guidance

Category	Allocation (DC)	Bonus	Application Window (60 Days)
Category 1 – Low-Income Community	700 MW	10%	Q4 2023
Category 2 – Indian Land	200 MW	10%	Q4 2023
Category 3 – Qualified Low-Income Residential Building	200 MW	20%	Q3 2023
Category 4 – Qualified Low-Income Economic Benefit	700 MW	20%	Q3 2023
Total annual allocation	1800 MW		



Summary Credit Buildup – aka - “The Holy Grail”

	Percentage
Base Credit + Prevailing Wage	30%
Domestic Content	10%
Energy Community	10%
Environmental Justice	10% OR 20%
Total Maximum Credit Amount	70%

Relevant IRA 2022 loans and grant funding

\$44 billion in grant & loan funding for public sector

...for qualifying clean energy and carbon reducing projects

\$1 billion RD funding for electric loans for renewable energy	\$9.7 billion USDA assistance for rural electric cooperatives	\$1 billion State, local, tribal and NFPs for zero building energy code adoption	\$2 billion Electric transmission facilities financing
\$760 million Siting of interstate electricity transmission lines	\$1 Billion SLG grants and rebates to replace vehicles with zero emission vehicles	\$2.6 billion Climate resistance for coastal communities	\$3 billion Reduce air pollution in ports
\$7 billion Greenhouse gas reduction fund	\$250 million Develop greenhouse gas reduction plans	\$4.75 billion Implement greenhouse gas reduction plans	\$3 billion Environmental justice block grants to reduce pollution
\$3.155 billion Neighborhood access and equity grant	\$550 million Bureau of reclamation domestic water supply projects	\$4 billion Drought mitigation projects in reclamation states	\$411.5 million Tribal & Hawaiian climate resilience



Any timing concerns?

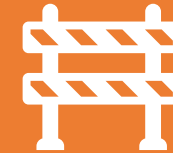


Most of the IRA tax credits will be available for 10+ year



Have time to take advantage of the tax incentives and plan

Grant and other funding programs will be rolling out soon



Begun construction requirements previously discussed if wish to be “grandfathered” into meeting prevailing wage and apprenticeship requirements

IRA project planning

Energy projects/resource planning in different stages

Develop/update
your plan

- Refresh feasibility/economics /structures with new tools within IRA
- If you are beginning – develop you plan with IRA in mind
- If you have a project ready to go – Take another look at your plan to make sure you can maximize any IRA benefits
- If you are about to finish – pause and make sure you can take advantage of any IRA provisions that may be applicable

A high-level
planning study

A high-level planning study could be a good idea to give boards, councils, stakeholders a) education around IRA and what it means and b) comfort that existing strategy has taken IRA into consideration

Detailed
modeling

Detailed modeling and further depth of qualitative and quantitative analysis required when comparing the own versus PPA options now available

Financing timeline

- Tax credits typically require election to be made on “tax return” for year in which project is placed into service.
 - Practically, 6-18 months from PIS is when payment could be expected
 - Formal guidance on process yet to be provided by IRS
- Project costs related to expected tax credit need to be paid as incurred; internal funds/reimbursement, interim/bridge financing, etc.
 - Be aware of timeline for receipt of tax credits/completion of project and window to file tax returns



Stay in touch



Doug Baldessari

PARTNER

P: +1 (317) 465-1508

E:

doug.baldessari@bakertilly.com



Disclosure

The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. Tax information, if any, contained in this communication was not intended or written to be used by any person for the purpose of avoiding penalties, nor should such information be construed as an opinion upon which any person may rely. The intended recipients of this communication and any attachments are not subject to any limitation on the disclosure of the tax treatment or tax structure of any transaction or matter that is the subject of this communication and any attachments.

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP, an accounting firm. Baker Tilly US, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

© 2023 Baker Tilly US, LLP

Halo Funding

Kevin Conroy

President and Founder of Finite.io / Co-Chief Investment Officer of SOLRX

kevin@finite.io



**GREATER
FORT WAYNE INC.**

METRO CHAMBER ALLIANCE

Finite Solar Finance Fund
Ticker: SOLRX
Public Fund investing in
solar loans



Halo:
A Residential Solar Loan
Originator.

Why Solar? Halo

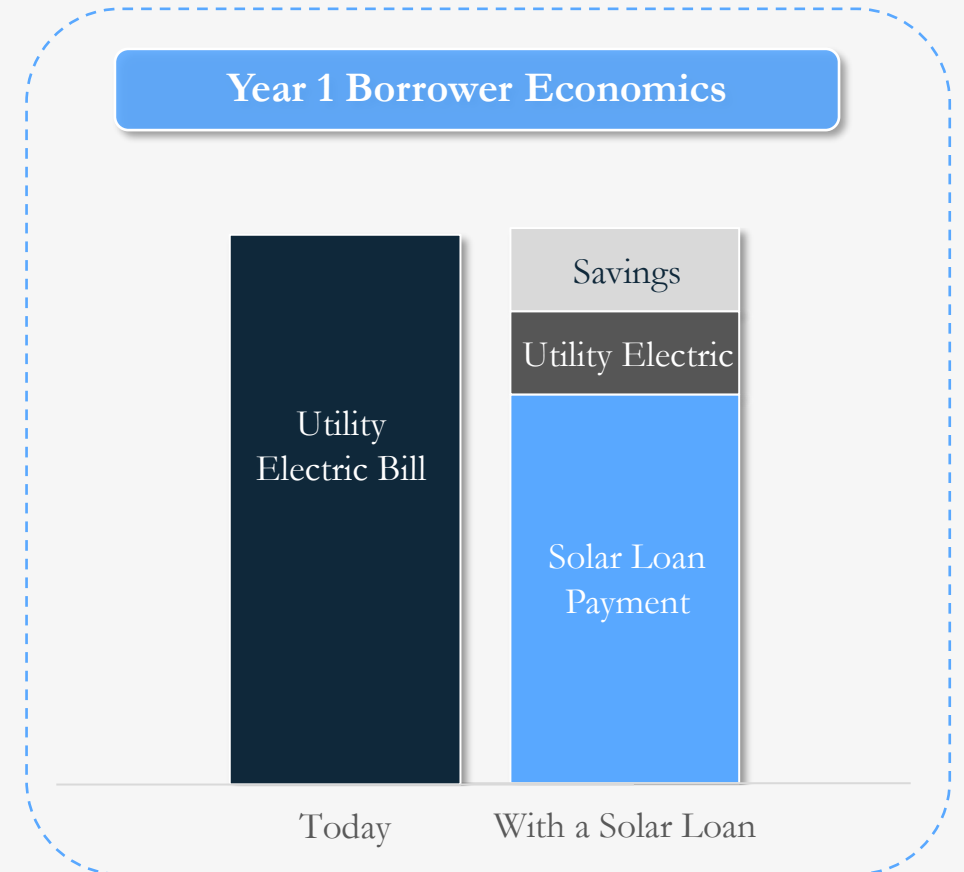
- **Going Solar – paying cash or getting a loan – offers ‘Rate Payers’, on average a 20% return.**
- **Going Solar also enables your utility costs to be less volatile – in 2022 the average utility rate increased 11.2% ***

Solar Loans are offered to homeowners, small businesses, schools, municipalities and rated public companies

Loan proceeds are used to fund the high upfront cost of a solar system

Loan amounts range from \$25,000 to over \$25,000,000 and are generally secured

On average, Solar Loans offer the underlying system-owner immediate savings ranging from 10-40%



Going Solar – The Process

1-4
Weeks

Align Internally

- Why are you going solar, who should be involved, can your building / property support solar, how will you pay for the system and who will manage the process.

4-10
Weeks

Understand Cost / Benefit

- Find a few local installers, get references and compare quotes. Many local installers, and even your utility can help you understand the incentives you qualify for. NABCEP can be a useful source for quality installers.

1-2
Weeks

Break Ground + Construction

- Coordinate with your schedule and the installers to make sure this doesn't interfere with your home or business.

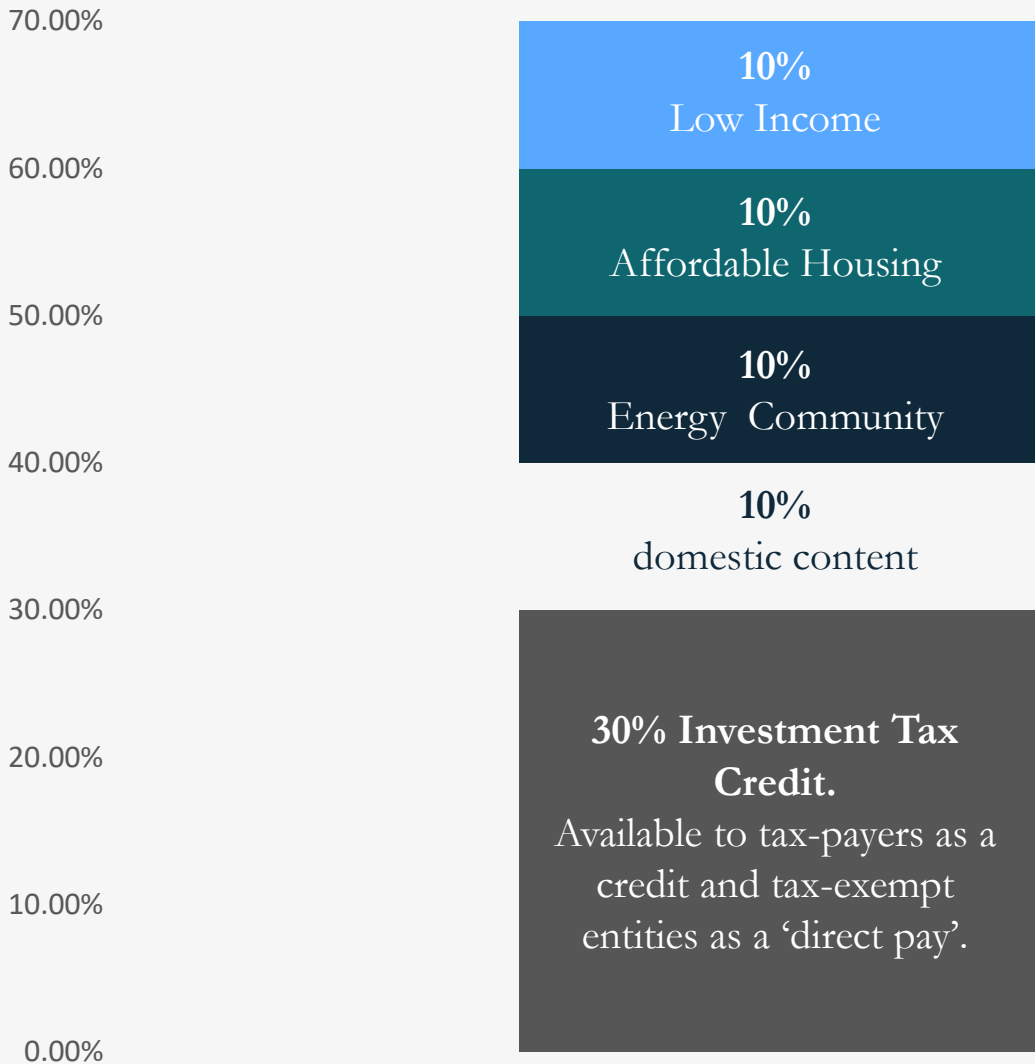
2-8
Weeks

Permission To Operate

- In order to receive the majority of solar's benefit, you need to net meter – aka plug your system into the grid. Your installer should handle this, but be prepared that it can take a few weeks for the utility to 'approve' the request.

Estimated Timeline & Considerations

Inflation Reduction Act: Available Incentives



Rural Energy for America Program (“REAP”)

Who is Eligible

- **Rural Small Business:** Located in eligible rural area (50,000 residents or less) and one of: private for-profit, a cooperative, a rural electric utility or tribal corporation
- **Agricultural Producers:** An entity directly engaged in production of agricultural products where at least 50 percent of their gross income coming from agricultural operations.

Incentives

- Loan guarantees up to 75% of eligible project costs
- Grants up to 50% of eligible project costs
- Combined grant and loan guarantee up to 75%

Incentive Terms

- \$2,500 minimum, \$1 million maximum.
- Scoring criteria for each project to determine amounts
- Application windows

Federal Law, Local Impact: The Inflation Reduction Act (IRA)



**GREATER
FORT WAYNE INC.**

METRO CHAMBER ALLIANCE