

# Clean Electricity IRA Tax Credits

|                     | Technology-Specific 45 PTC, 48 ITC   | Technology-Neutral 45Y PTC, 48E ITC  |
|---------------------|--|--|
| <b>Credit</b>       | Available to commercial taxpayers installing certain energy or electricity equipment.  | Available to commercial taxpayers installing new clean electricity facility (or expansion of existing).  |
| <b>Technologies</b> | Each credit is <b>technology specific</b> , mostly covers all renewables. Some technologies able to chose one or the other.                        | Each credit is <b>technology neutral</b> , anything with zero or negative emission electricity qualifies.  |
| <b>Value</b>        | Credit (w/ prevailing wage and apprenticeship) is <b>30%</b> for ITC, <b>\$27.5/MWh</b> for first 10 years for PTC. 5x lower w/o wage requirement. | Credit (w/ prevailing wage and apprenticeship) is <b>30%</b> for ITC, <b>\$27.5/MWh*</b> for first 10 years for PTC.* 5x lower w/o wage requirement. |
| <b>Bonuses</b>      | 10% bonus for meeting <b>energy community</b> or <b>domestic content</b> requirements. Bonuses are stackable.                                      |  |
| <b>Timeline</b>     | Extended for projects beginning construction before 2025. Then <b>transitions to technology-neutral \$48E ITC and \$45Y PTC</b> .                  | For facilities placed in service in 2025 or later. Four-year phaseout begins only after power sector emission reach <b>25% of 2022 levels</b> .      |



### Zero-Emission Nuclear Power Production Credit

**Tax Provision Description:** Tax credit for electricity produced at a qualified nuclear power facility.

**Period of Availability:** Available for electricity produced and sold after 12/31/23, in tax years beginning after that date. Not available for tax years beginning after 12/31/32.

**Tax Mechanism:** Production tax credit

**New or Modified Provision:** New

**Eligible Recipients:** Existing nuclear power plants at time of enactment that are not eligible for the 45J credit.

**Tribal Eligibility:** Yes

**Base Credit Amount:** 0.3 cents/kWh, inflation adjusted after 2024. Credit amount phases down depending on the amount of energy produced and the gross receipts of the nuclear power facility.



**Bonus Credit Amount:** 5 times the base credit if prevailing wage requirement is met for workers doing alteration or repair at the facility. Initial guidance on the labor provisions is available [here](#).

**Direct Pay Eligibility:** Yes, for tax-exempt organizations; states; political subdivisions; the Tennessee Valley Authority; Indian Tribal governments; Alaska Native Corporations; and rural electricity co-ops.

**Transferability:** Yes


### Coal Closure Energy Communities

#### Tract Status

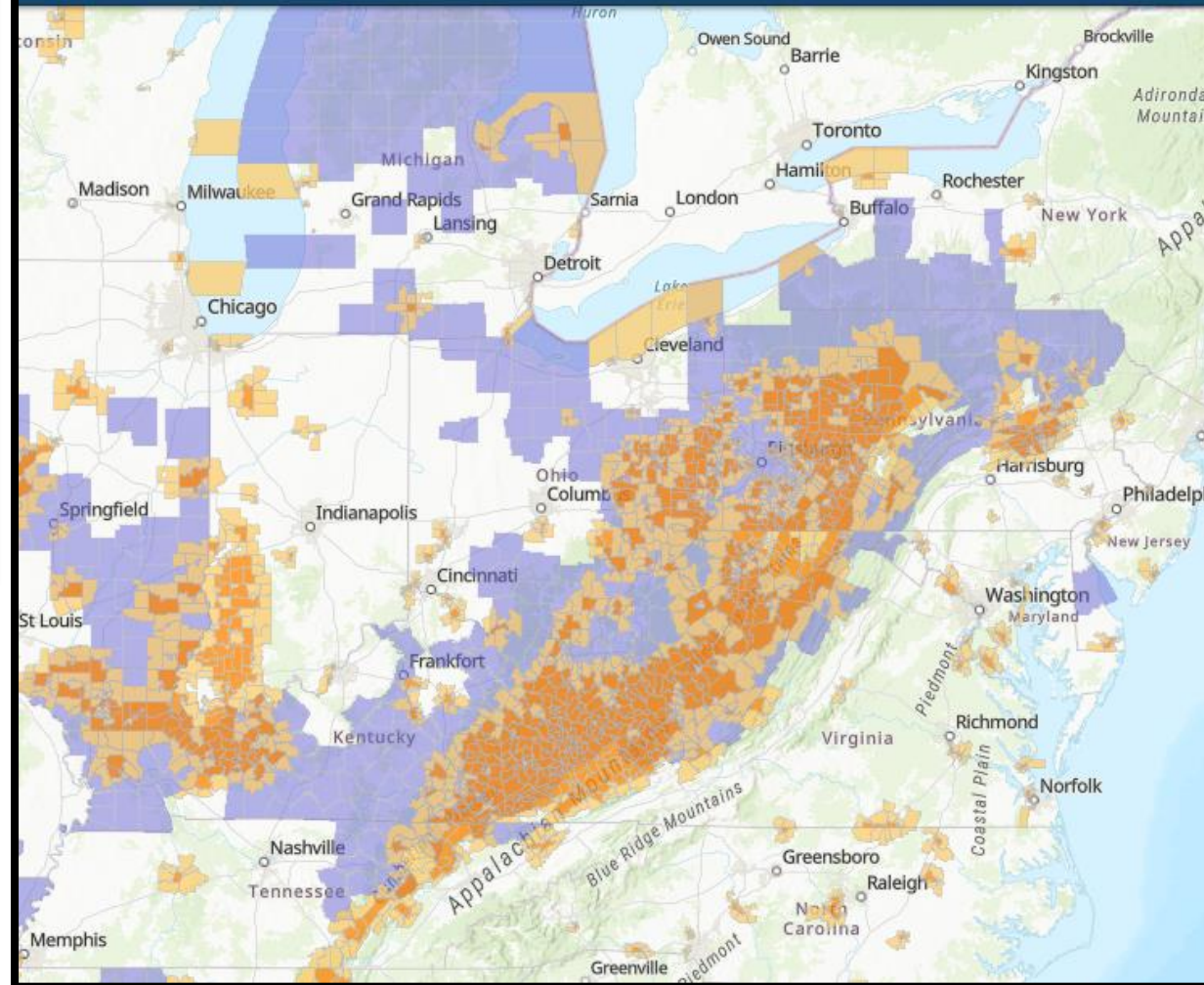
-  Census tract directly adjoining a census tract with a coal closure
-  Census tract with a coal closure

### MSA/Non-MSAs that are Energy Communities

#### Status

-  MSAs/non-MSAs that meet both the Fossil Fuel Employment (FEE) threshold and the unemployment rate requirement

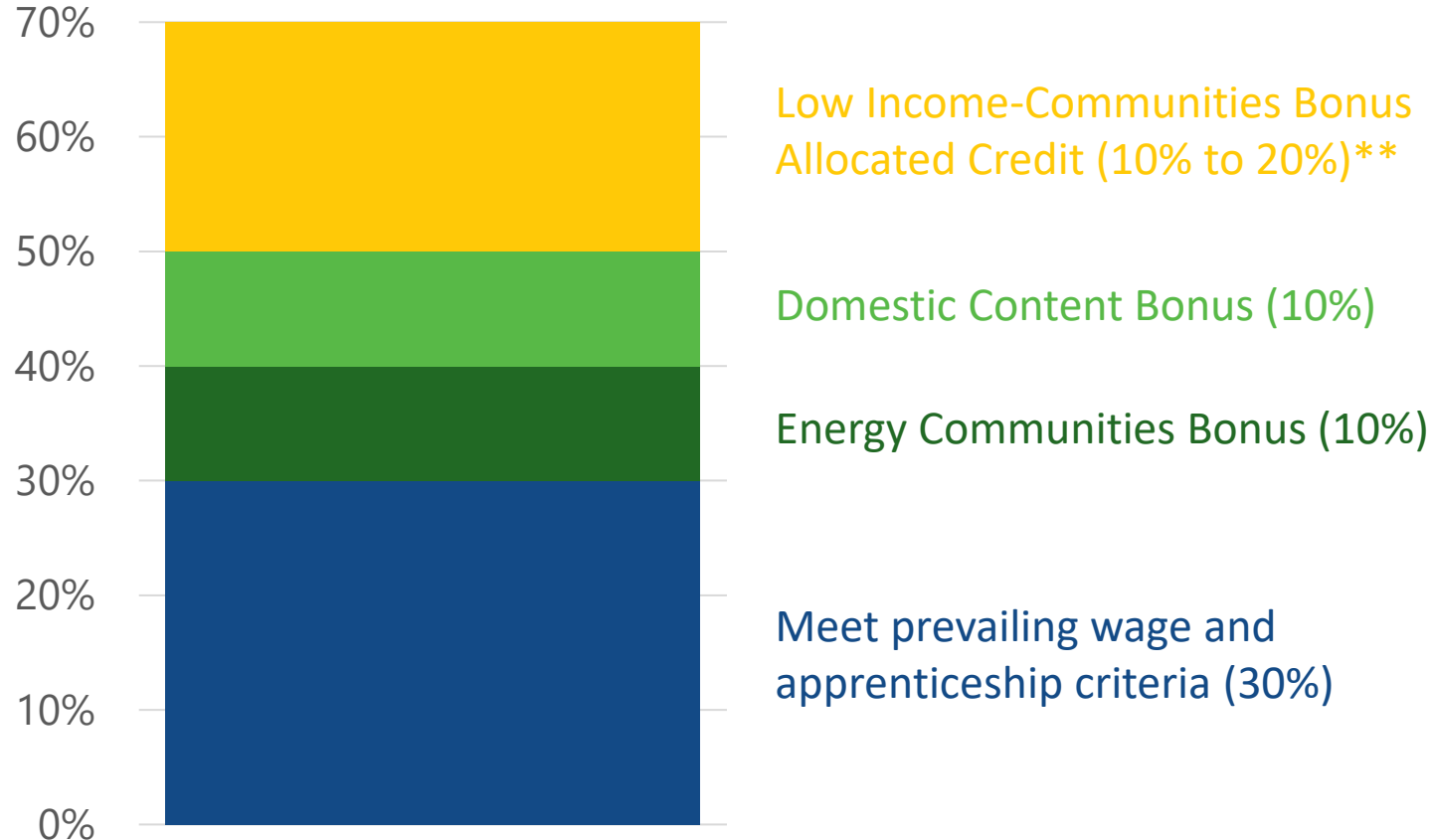
## Energy Community Tax Credit Bonus



[Energy Community Tax Credit Bonus - Energy Communities](#)

# Example: Investment Tax Credit Stacking

## Example: Investment Tax Credit\*



**Tax credit bonuses can stack** with the underlying tax credit creating significant opportunity for eligible projects.

Example: 1 MW community solar facility costing \$1 million could earn a **70% tax credit** worth \$700,000 if eligible for all applicable tax credit and bonuses

If it is owned by an applicable tax-exempt entity, this could be a **direct cash payment** from the IRS

\*Credit is 5x lower if not meeting prevailing wage and apprenticeship criteria

\*\*48(e) tax credits are limited and allocated by DOE in coordination with IRS through an application process



# Elective Pay – Cash for Clean Energy

Entities that don't pay taxes can also benefit from these credits through **elective pay**, which allows **tax-exempt and governmental entities to receive a cash payment** from the IRS for eligible clean energy investments.

- Example: local government invests \$1,000,000 in tax-credit eligible solar, battery storage, and EV chargers at a community center.
- Cash-back: Through elective pay, local government receives a **\$300,000 cash payment from the IRS** if it qualifies for relevant 30% investment tax credits.



# Who is eligible for elective pay under Treasury/IRS proposed regulations?

| Category                        | Eligible Entities   |
|---------------------------------|---|
| <b>Tax-Exempt Organizations</b> | Any organization exempt from income taxes under §501(a), including §501(c) and §501(d) organizations. Examples include: <ul style="list-style-type: none"><li>• Charities</li><li>• Houses of worship and religious organizations</li><li>• Colleges and Universities</li><li>• Hospitals</li></ul> |
| <b>State, Local Governments</b> | States including DC, political subdivisions such as cities and counties, and agencies and instrumentalities of state and local governments such as school districts.  |
| <b>U.S. Territories</b>         | U.S. territories and their political subdivisions and agencies and instrumentalities  |
| <b>Tribes</b>                   | Indian Tribal governments, Alaska Native Corporations, Tribal agencies and instrumentalities.   |
| <b>Public Power</b>             | Examples: Municipal electric utilities, rural electric cooperatives, and the Tennessee Valley Authority.  |

# Incentives for Energy Generation

| Tax Provision  | Description  | Elective Pay | Transferability |
|--|--|--------------|-----------------|
| <b>Production Tax Credit for Electricity from Renewables</b><br>(§ 45, <i>pre-2025</i> ) | <b>For production of electricity from eligible renewable sources</b> , including wind, biomass, geothermal, solar, landfill and trash, hydropower, marine and hydrokinetic energy.   | ✓            | ✓               |
| <b>Clean Electricity Production Tax Credit</b><br>(§ 45Y, <i>2025 onwards</i> )          | <b>Technology-neutral tax credit for production of clean electricity.</b> Replaces § 45 for facilities that begin construction and are placed in service after 2024. To qualify, the facility must have a greenhouse gas emissions rate of not greater than zero.  | ✓            | ✓               |
| <b>Investment Tax Credit for Energy Property</b><br>(§ 48, <i>pre-2025</i> )             | <b>For investment in renewable energy projects</b> including fuel cell, solar, geothermal, small wind, energy storage, biogas, microgrid controllers, and combined heat and power properties.  | ✓            | ✓               |
| <b>Clean Electricity Investment Tax Credit</b><br>(§ 48E, <i>2025 onwards</i> )          | <b>Technology-neutral tax credit for investment in facilities that generate clean electricity</b> and qualified energy storage technologies. Replaces § 48 for facilities that begin construction and are placed in service after 2024. To qualify, the facility must have a greenhouse gas emissions rate of not greater than zero. | ✓            | ✓               |
| <b>Zero-Emission Nuclear Power Production Credit</b><br>(§ 45U)                          | <b>For electricity from existing nuclear power facilities.</b> Facilities in operation prior to August 16, 2022.   | ✓            | ✓               |

# Resources

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- [Energy.gov/save](https://energy.gov/save)
- [Energy.gov/infrastructure](https://energy.gov/infrastructure)
- [Energy.gov/invest](https://energy.gov/invest)
- [whitehouse.gov/cleanenergy/clean-energy-tax-provisions/](https://whitehouse.gov/cleanenergy/clean-energy-tax-provisions/)