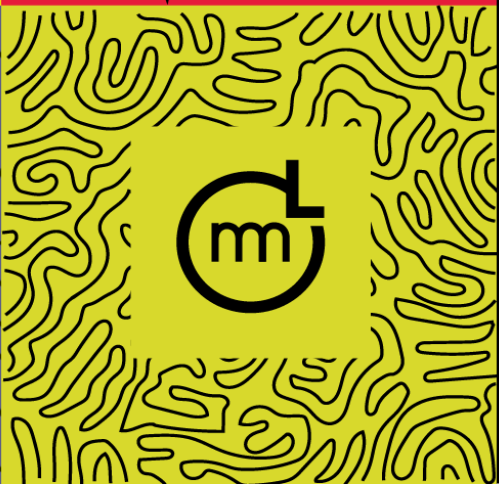
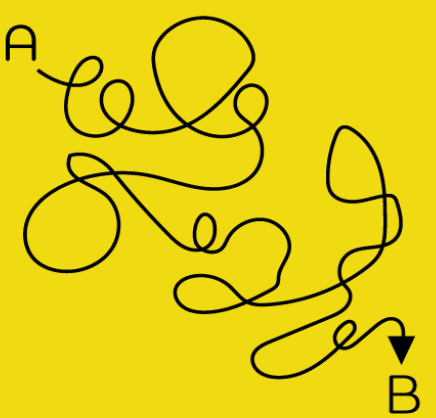


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IRA: Clean Energy Implications for Cities

Eli Lieberman, Director, Clean Energy Financing, Michigan Saves
Joel Howrani Heeres, Director, Energy and Environment, Public Sector Consultants

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JOEL HOWRANI HEERES

Director, Climate and Sustainability

Public Sector Consultants

As director on the energy and environment team, he helps organizations think strategically about improving their climate resilience by developing implementable frameworks for organizational transformation.

Joel also revels in making data more visible and understandable through interactive visualizations.

When he's not helping communities plan for a more livable, resilient, and low-carbon future, you can find him traversing the state in search of great biking and skiing trails; growing, cooking, and preserving homegrown veggies; or coaching his kids' soccer games.



ELI LIEBERMAN

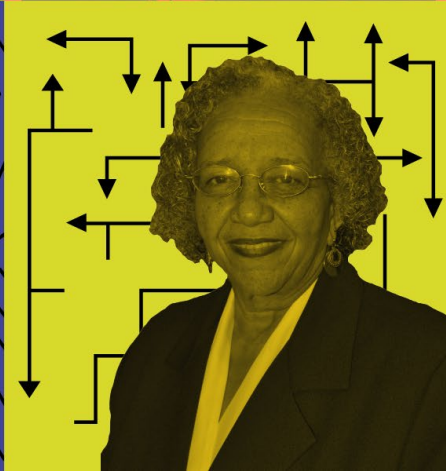
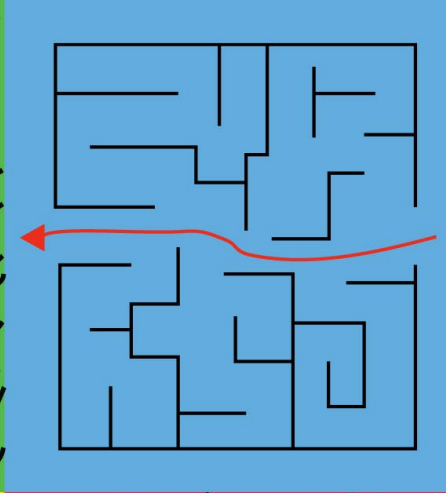
Director, Clean Energy Financing Michigan Saves

Eli brings leadership and analysis skills to PSC, where he serves as the director of clean energy financing for Michigan Saves. Primarily, he manages the adoption, design, and implementation of new financing products to ensure all Michiganders have access to the clean energy economy. He accomplishes this in part by building partnerships with local, regional, and national financial institutions to identify and fill market gaps.

Eli comes to PSC from a career in the public sector where he most recently managed an energy efficiency and renewable energy revolving loan fund for the State of Washington, which focused on nonprofit facilities, affordable multifamily housing, and small businesses. He also has experience addressing climate change through a state-run carbon pricing program.

Agenda

- **Introductions**
- **Justice40 Initiative**
- **Inflation Reduction Act Overview**
- **Group breakouts**
- **Greenhouse Gas Reduction Fund**
- **Q&A**



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What is Justice40?

Executive Order 14008: Tackling the Climate Crisis at Home and Abroad

- **Sec. 223: Justice40**—how federal investments might be made so that 40 percent of the overall benefits flow to disadvantaged communities



Federal
investments




40% of the overall
benefits



Disadvantaged
communities

Source: U.S. Department of Energy- Office of Economic Impact and Diversity

Justice40 Policy Priorities

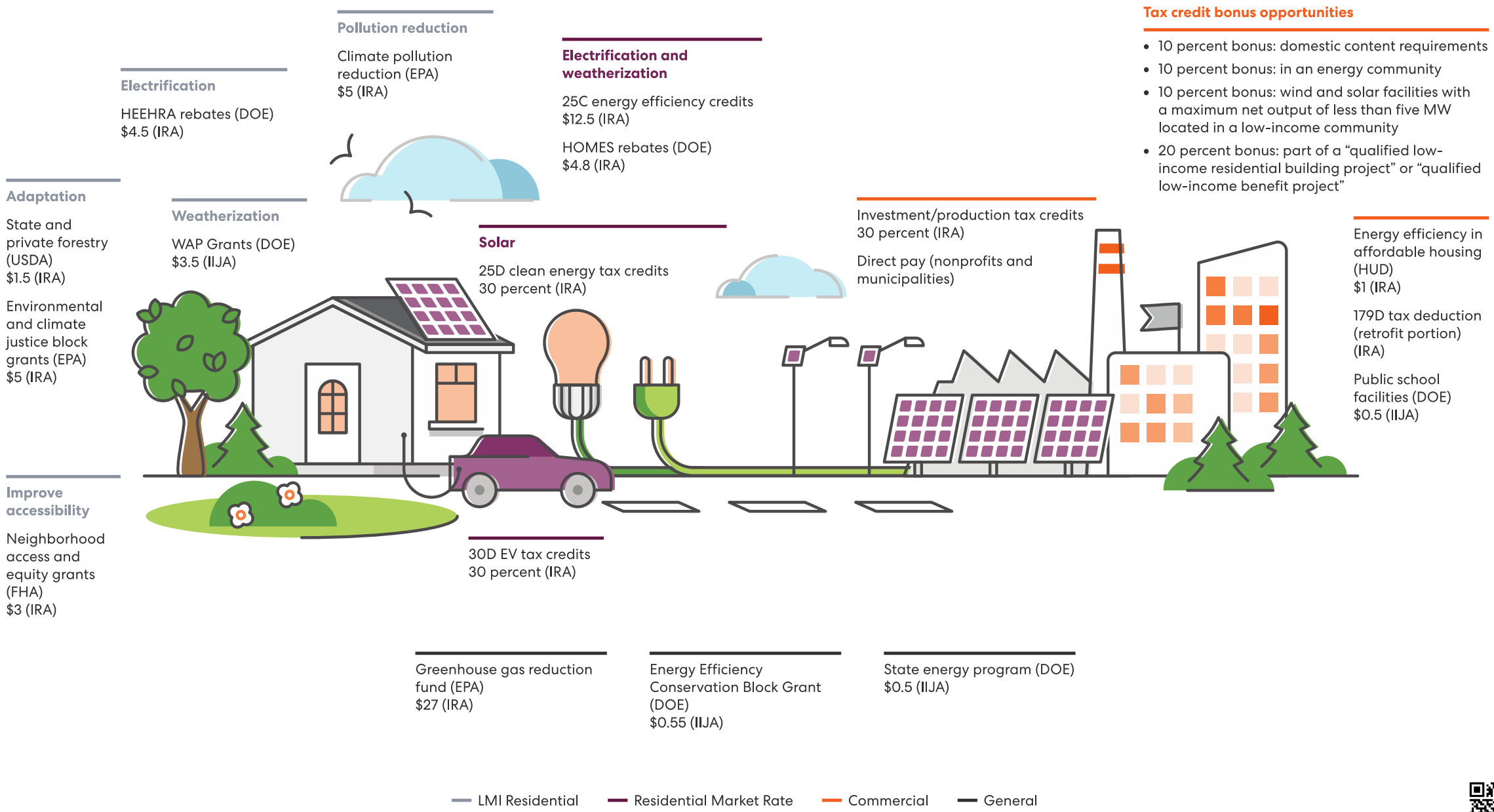
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1. **Decrease energy burden in disadvantaged communities (DACs)**
 2. **Decrease environmental exposure and burdens for DACs**
 3. **Increase parity in clean energy technology (e.g., solar, storage) access and adoption in DACs**
 4. **Increase access to low-cost capital in DACs**
 5. **Increase clean energy enterprise creation and contracting (MBE/DBE) in DACs**
 6. **Increase clean energy jobs, job pipeline, and job training for individuals from DACs**
 7. **Increase energy resiliency in DACs**
 8. **Increase energy democracy in DACs**

Source: U.S. Department of Energy- Office of Economic Impact and Diversity

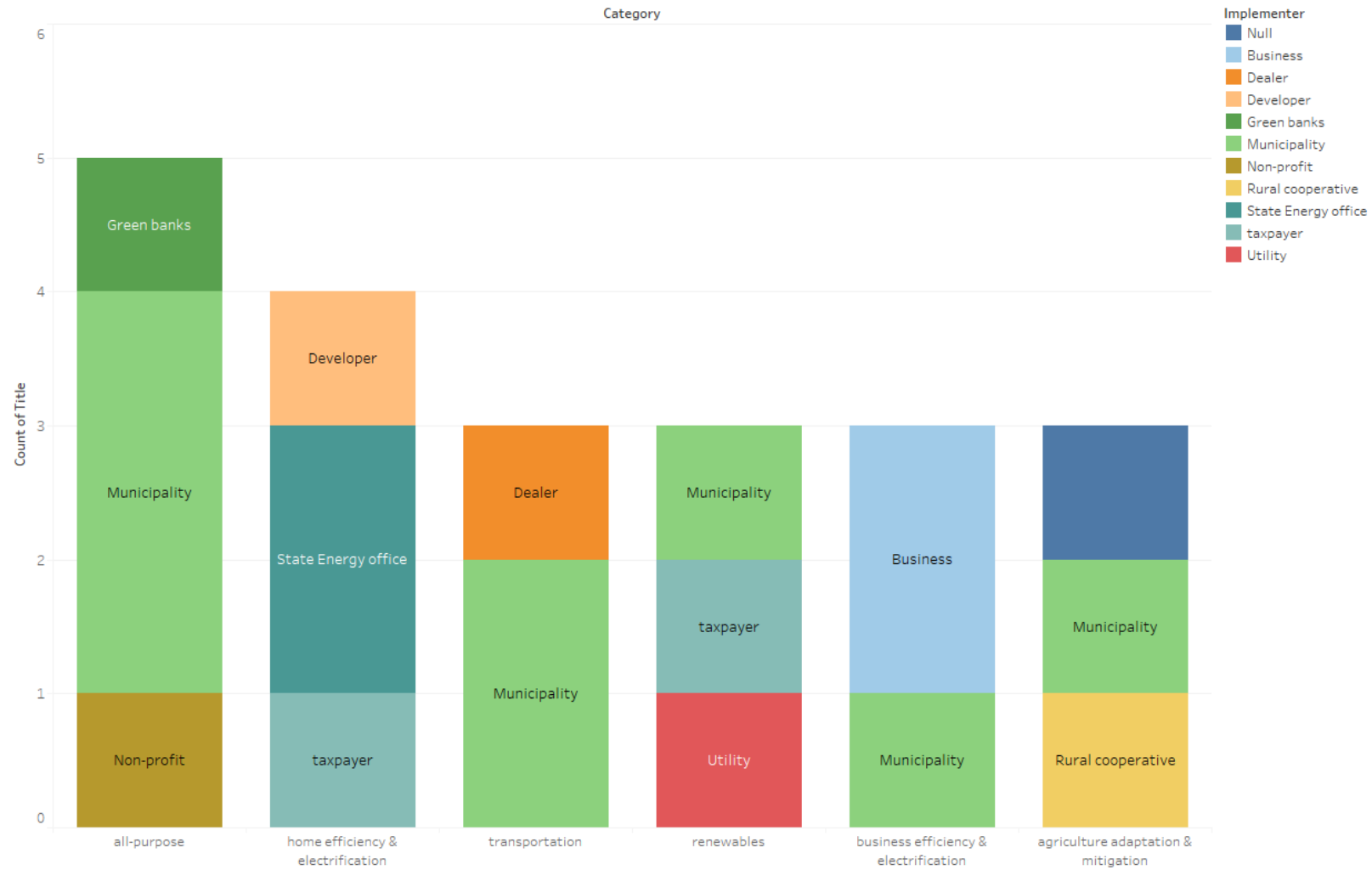
IRA Summary

Inflation Reduction Act of 2022 (IRA) invests over \$60 billion in critical clean energy, climate and electrification measures. It puts the U.S. on path to a 40 percent emissions reduction by 2030 and will result in the following impacts:

1. Lowers energy costs
2. Increases energy security
3. Invests in decarbonizing all sectors
4. Focuses investments into disadvantaged communities
5. Supports resilient rural communities



IRA: Category by Implementer



IRA: Amount by Implementer





IRA Grants to Municipalities

USDA Administered Grants

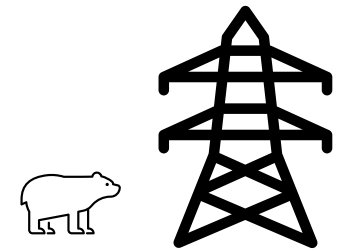
- State and Private Forestry Conservation Programs

FHA Administered Grants

- Neighborhood Access and Equity Grant Program

EPA Administered Grants

- Climate Pollution Reduction Grants
- Environmental and Climate Justice Block Grants
- Clean heavy-duty vehicles
- Greenhouse Gas Reduction Fund

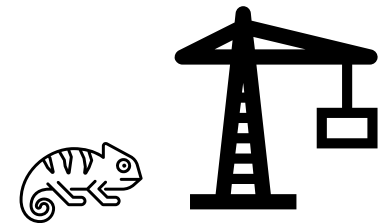




IRA Grants to Municipalities

U.S. Department of Energy Administered Grants

- Contractor training
- Assistance for latest and zero building energy code adoption





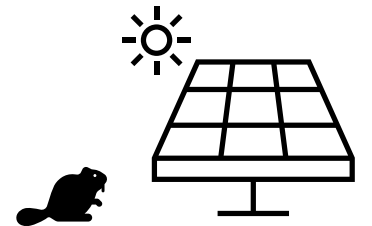
Solar Tax Credits Through 2024

Commercial solar projects are now eligible to receive either the Production Tax Credit (PTC) or the Investment Tax Credit (ITC).

- Under the ITC, the 30 percent tax credit is restored for projects under 1 megawatt (MW), with bonuses for projects sited in various communities or low-income buildings or that meet certain manufacturing requirements.
- Importantly, eligible entities without a tax liability can monetize the ITC or PTC through direct pay and transfer options
- Michigan Saves is working on a low-interest loan product to bridge the gap between origination and receiving the direct pay tax refundability

30 percent ITC for residential solar systems returning through 2032

- 30 percent battery storage credit starting in 2023





Energy Efficiency Tax Credits

179D Energy Efficiency Tax Deduction

- Contractors or designers can earn up to \$5 per sq. ft. for designing or constructing a qualifying energy efficient building. The list of eligible building owners is now expanded from government to also include nonprofits, houses of worship, and educational facilities

Residential Tax Credits

- 30 percent energy efficient Home Improvement

The Treasury Department is currently seeking input on implementing the IRA's clean energy tax incentives. **Deadline for input is November 4.**

<https://home.treasury.gov/news/press-releases/jy0993>





IRA Rebates

Home Energy Audits

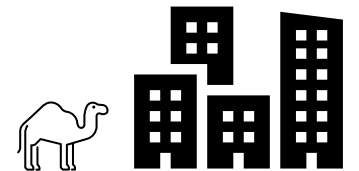
- \$200 contractor rebate per home energy audit in a disadvantaged community and the homeowner uses the IRA's Home Owner Managing Energy Savings (HOMES) Rebate Program.

High-efficiency Electric Home Rebate Program

- Up to \$14,000 in home rebates for households making less than 80 percent of the area median income (AMI)

Home Energy Performance Based, Whole Home Rebates (HOMES)

- For energy efficiency and electrification upgrades in single-family and multi-family buildings with more than 50 percent low- and moderate-income households (LMI)





Barriers to Implementation

Michigan Saves recently completed a Barriers to Electrification report for the Michigan Department of Environment, Great Lakes, and Energy (EGLE)

Three key takeaways:

- There is limited consumer awareness and demand
- The number of qualified installers is limited
- Costs are high and rebates are low

Breakout Groups

1. Home efficiency and electrification
2. Business efficiency and electrification
3. Agriculture adaptation and mitigation
4. Renewables
5. Transportation

Breakout Groups: Be Prepared to Share Out

- **Identify one to three potential project ideas**
 - What are desired outcomes from the project(s)?
 - Which sources of funding from the table seem most applicable?
 - Identify partners: internal and external
 - What are the first three steps towards implementation?

Greenhouse Gas Reduction Fund

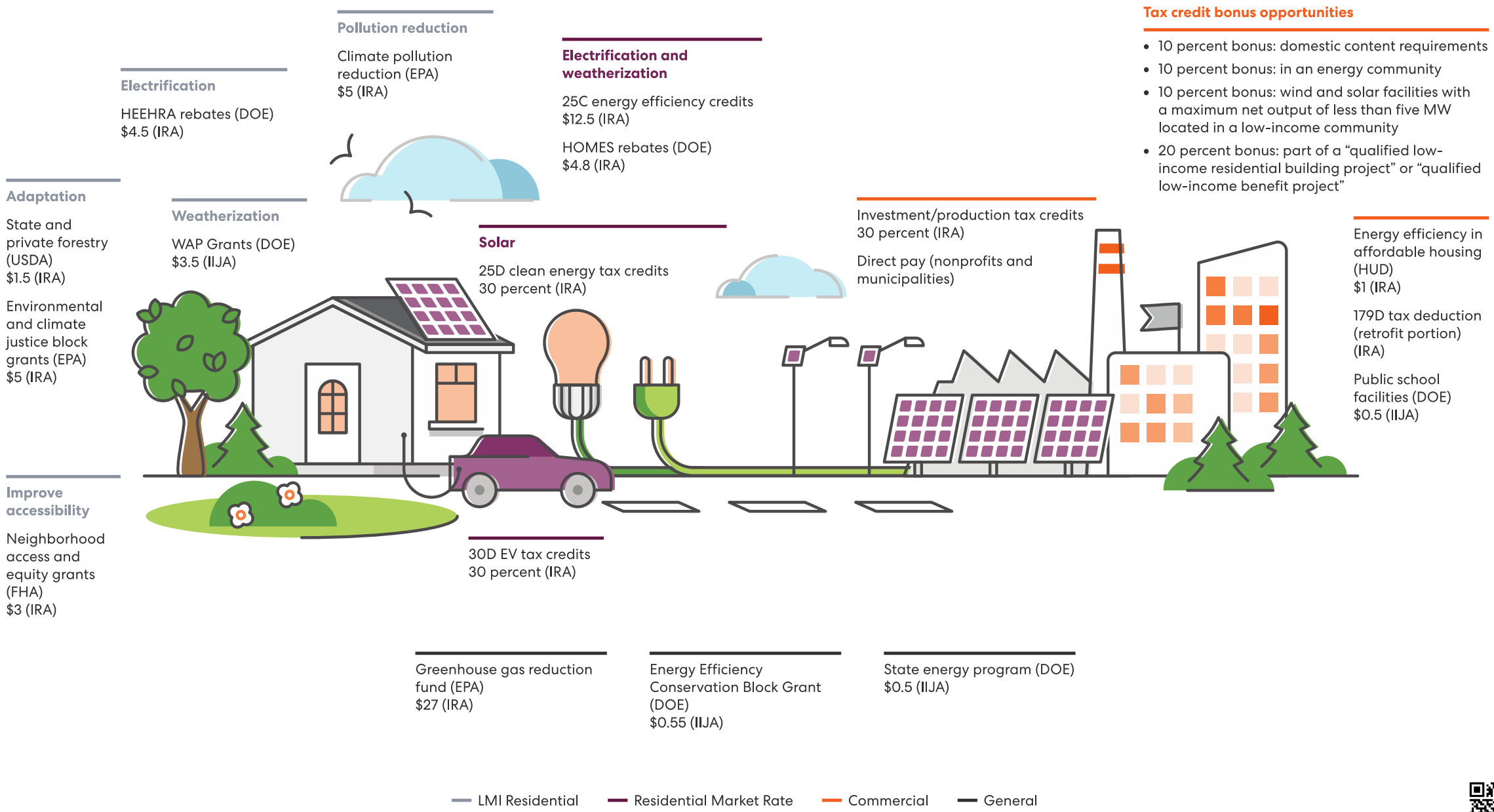
The EPA will administer **\$27 billion** in grants for green finance divided between two buckets:

\$20 billion to create a national green bank

- Justice40 being woven into governance
- Grants to local lenders and intermediaries to build ecosystem capacity for the clean energy transition
- Grants or loans to local lenders and intermediaries to finance clean energy projects
- Standardize products to sell into secondary markets
- Michigan Saves will work closely with the national green bank

\$7 billion for state, local, and tribal governments to implement green financing programs

- Some states are pursuing a unified application to the EPA that brings all these stakeholders together
- State can align funding to meet MI Healthy Climate Plan goals



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Next Steps

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