



Sensiba
Center for
Sustainability



Inflation Reduction Act: Tax Credit Opportunities for Climate Action

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Inflation Reduction Act

Signed into law on August 16, 2022

Climate

- Injects more than \$370 billion into climate and energy programs
- Would cut US greenhouse gas emissions about 40% below 2005 levels by 2030
- \$60 billion to accelerate domestic production of solar panels, wind turbines and batteries, as well as support critical minerals processing



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Tax Credits & Rebates for Business

- Extended: Production Tax Credit (PTC) for eligible wind, solar, geothermal, biomass, hydropower, municipal waste, and marine and hydrokinetic projects that start construction before January 1, 2025 / includes a renewal of the previously expired PTC for solar (30%)
- Extended: Energy Investment Tax Credit (ITC) for solar, combined heat and power, qualified fuel cell, microturbine, waste energy, small wind, biogas, storage technology, and microgrid controllers projects that start construction before January 1, 2025
- For geothermal, the Act extends the ITC for projects that start construction before January 1, 2035



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Tax Credits & Rebates for Business, cont.

- ITC makes stand-alone storage eligible / includes biogas and microgrid controllers as ITC-eligible property / for installations of energy property with a maximum net output not greater than 5 megawatts, the Act permits the ITC-eligible basis to include certain expenditures on upgrades to a utility's interconnection system
- Extended: ITC and PTC at full rates under new tax credits available for electricity produced by zero-emissions projects placed in service in 2025 or later, which start construction before 2033
- Extended: Carbon Capture Credit for projects that start construction before January 1, 2033 / reduces the minimum carbon capture requirement and includes an enhanced credit for certain direct air capture facilities



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Tax Credits & Rebates for Business, cont.

- Added: new Production Tax Credit for clean hydrogen produced after December 31, 2022, at a qualifying facility that starts construction before January 1, 2033. / Also, option to elect to claim the ITC in lieu of the new production tax credit
- Added: new Advanced Manufacturing Production Credit to incentivize domestic production and sale of components used in solar, wind, and storage projects (e.g., solar modules, solar-grade polysilicon, inverters, battery cells, blades, and towers) and critical minerals
- Includes facilities that equip or expand certain manufacturing facilities in the clean energy sector.



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Tax Credits & Rebates for Business, cont.

- Includes: new tax credits for zero-emissions nuclear power production and transportation fuels with lower emissions rates
- Includes: a 10% bonus credit when domestic content requirements are satisfied and a separate 10% bonus credit for qualifying facilities located in enhanced energy or low-income communities



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Tax Credits & Rebates for Homeowners

- Provides \$9 billion in total energy rebates: includes \$4.28 billion High-Efficiency Electric Home Rebate Program, which returns a rebate of up to \$8,000 to install heat pumps that can both heat and cool homes, and a rebate up to \$1,750 for a heat-pump water heater
- Offers up to \$4,000 rebate for electrical panel upgrade / rebate up to \$2,500 for improvements to electrical wiring
- Additional tax credit installation for solar battery systems — at *least three kilowatt-hours of capacity*
- Rebate up to \$1,600 to insulate and seal a house



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Tax Credits & Rebates for Homeowners, cont.

- Will run through Sept. 30, 2031, collection maximum of \$14,000 in total rebates and household income cannot exceed 150% of the area median income to qualify
- Revives 30% tax credit for installing residential solar panels and extends the program until Dec. 31, 2034
 - Tax credit would decline to 26% for solar panels put into service after Dec. 31, 2032, and before Jan. 1, 2034
- Tax credits up to \$7,500 for purchase of a new electric vehicle/\$4,000 for lower- and middle-income families who purchase a used EV



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Paid for by:

- Substantial tax increases, mostly on large corporations, including establishing a 15% corporate minimum tax for Corps >\$1B net income (“the GAAP tax”)
- New 1% tax on corporate stock buybacks beginning in 2023
- Budget addl. \$80 billion into the IRS to improve the agency’s enforcement arm and crack down on wealthy corporations and tax evaders — provision is estimated to raise \$124 billion over a decade

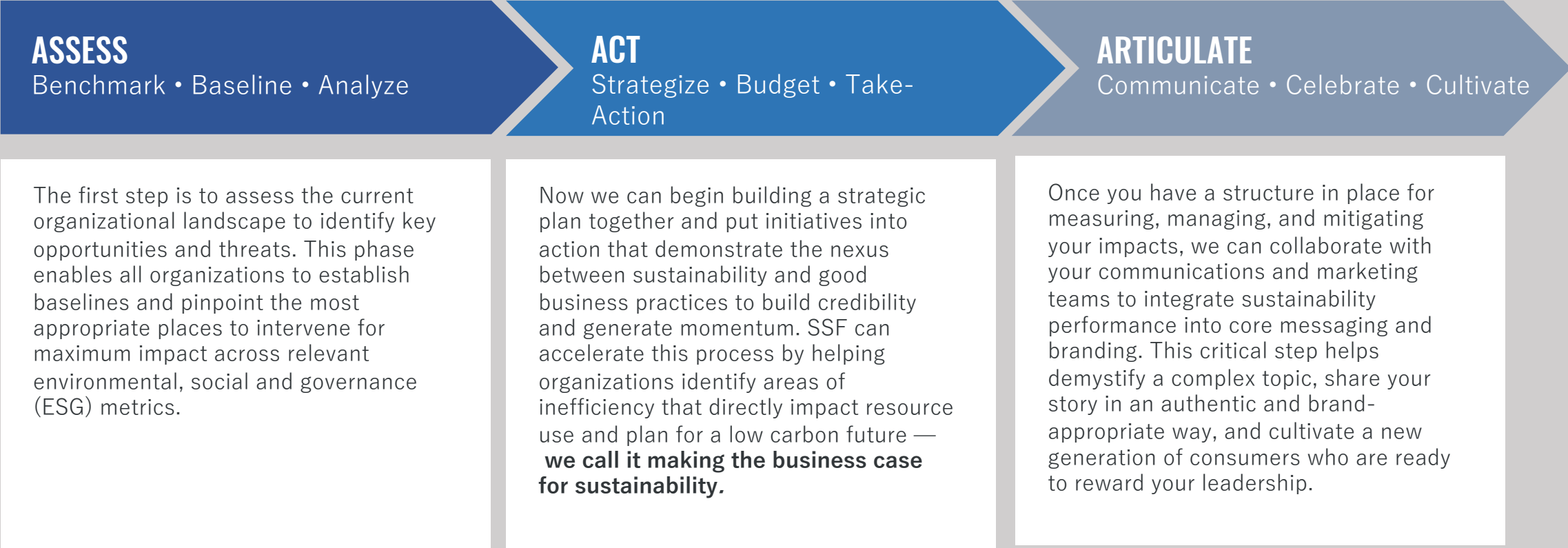




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Our Three-Phased Approach

Our approach is composed of three phases and can be custom tailored to meet clients where they are on their sustainability journey.



Assess

Benchmark • Baseline • Analyze

- ESG Assessment to determine industry and organizational materiality based on relevant frameworks
- Gap analysis for the B Impact Assessment™
- Greenhouse gas emissions inventory for Scopes 1-3
- Product life cycle assessments (LCA's)
- Pay equity analysis
- Information security assessment
- IT sustainability assurance & advisory (SOC 1, 2, 3)



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Act

Strategize • Budget • Take-Action

- Host stakeholder workshops to understand concerns and priorities and inform future plans
- Develop roadmaps for purpose-driven use of resources
- Develop a strategic plan that informs meaningful sustainability goals, targets and metrics
- Implement a tactical action plan to achieve your goals
- Obtain a 3rd-party verified sustainability certification
- Respond to supplier sustainability surveys
- Develop a climate action plan and decarbonization roadmap
- Streamline your data collection and reporting process
- Create a Diversity, Equity & Inclusion (DEI) roadmap
- Connect financial performance to sustainability performance







Articulate

Communicate • Celebrate • Cultivate

- Compile a sustainability report
- Develop story arcs around your sustainability data
- Collaborate on media relations and pitching
- Confidently communicate your accomplishments and plans to stakeholders
- Present calculated positive returns on investments (ROI) of sustainability initiatives



Assessment Matrix

				
Focus	Driving holistic organizational transformation by evaluating and integrating material ESG performance and risk into client's annual financial reporting and planning process. Serves as a benchmark and baseline from which to prioritize and plan for future action.	Developing a high-level strategy and roadmap in alignment with the Sustainability Accounting Standards Board (SASB) that identifies the Top 5–10 industry-specific nonfinancial sustainability KPIs and prioritizes immediate actions client can take to the benefit of financial ROI and/or risk management.	Helping client prepare for B Corporation Certification™ (B Corp) by walking them through the entire B Impact Assessment™ (BIA), reviewing selections and providing a greater understanding of ambiguous sections.	Supporting client in responding to key customer requests to complete the Carbon Disclosure Project (CDP) Questionnaire by providing high-level, detailed answers to the survey questions and documenting current practices within the company, as well as near-future plans.
Time	3–4 months total; 4+ feedback meetings and checkpoints with client.	8-10 weeks total. 2-3 feedback meetings and checkpoints with client.	4–6 weeks total; broken into 2-hour weekly meeting blocks.	1–3 weeks total; 1-2 feedback meetings
Team	Requires buy-in and feedback from 7–9 executive-level decision-makers.	1–3 executive-level decision-makers; can be driven by sustainability lead.	At least 1 executive-level sponsor; can be driven by sustainability lead.	At least 1 executive-level sponsor; can be driven by sustainability lead.
Deliverables	Investor-grade ESG assessment and rating with customized report and diagnostic dashboards that include a “statement” (akin to an Income Statement or P&L). Provides decision-critical insights executives need to manage ESG in tandem with financials.	A “dashboard view” of client's Top 5–10 nonfinancial sustainability KPIs and an independent assessment of current performance, including low-hanging fruit client can begin to act on now.	Written Gap Analysis Plan of actions client needs to take to reach 80 points for B Corp certification.	Complete and detailed CDP survey responses to each corresponding question.

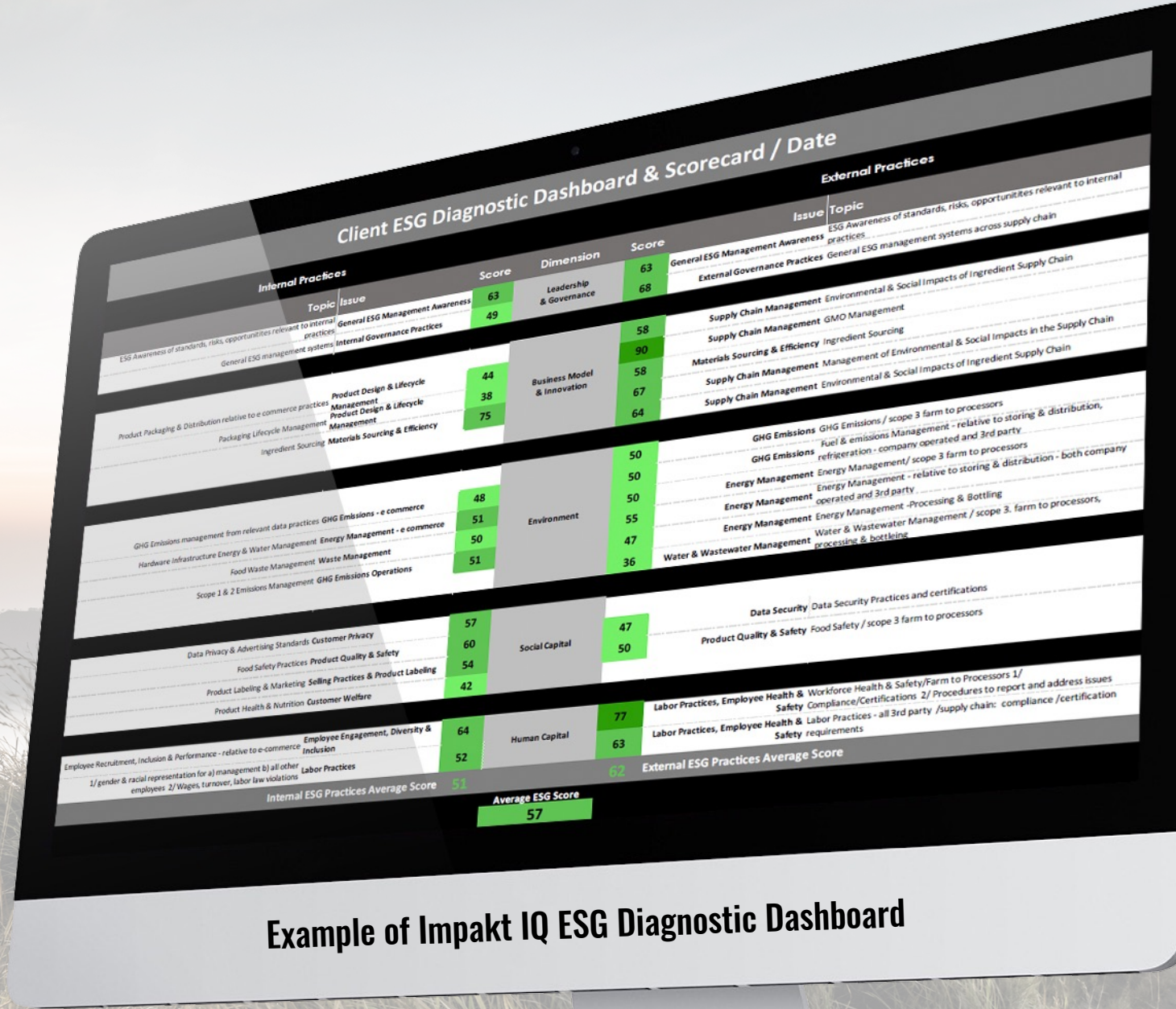
IMPAKT IQ™

measure + manage
what matters most

Impakt IQ's approach features a powerful toolset that enables companies to measure and manage their ESG intelligence.

It generates an ESG score, ESG statement, and ESG report that are backed by auditable investment-grade data and aligned with the world's leading sustainability and ESG standards, including the Task Force for Climate Change Disclosure (TCFD), Sustainability Accounting Standards Board (SASB), International Sustainability Standards Board (ISSB), and the SEC.

The Impakt IQ approach is a systems-based process that stands on the shoulders of 15+ years of experience, knowledge, and demonstrated profitable results.



Example of Impakt IQ ESG Diagnostic Dashboard



Resources

- **Great IRA Recap Article for more details for businesses:**
<https://www.natlawreview.com/article/inflation-reduction-act-includes-expansive-tax-incentives-clean-energy-investors-and>

Thank you!

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