



Inflation Reduction Act Webinar, Questions & Answers

September 2022

Green Energy Consumers Alliance held a webinar on August 31 to discuss the impacts of the Inflation Reduction Act (IRA) on climate action in Massachusetts and Rhode Island. (You can access the recording [here](#) and the slides [here](#).) We received LOTS of excellent questions on the IRA, so here is an assembled Q&A document for your perusal!

You will note that in several places, our answer is “we don’t know yet.” We will be sure to stay up to date with all announcements from the federal government and our state government agencies on IRA developments. As we learn more, we will post blog updates, so [subscribe to our blog for the latest!](#)

Table of Contents

| | |
|-----------------------------|---|
| Overarching Questions | 2 |
| Electric Power | 4 |
| Transportation | 5 |
| Buildings & Heating..... | 7 |



Overarching Questions

(1) A lot of the grants and incentives you discuss will be administered by the states. When can we expect Massachusetts and Rhode Island to be ready to administer and distribute the money? Which agencies will be responsible?

- At this time, we do not know which state agencies will be responsible or when we can expect them to be ready to distribute funds because nothing has been announced in that regard from either the federal or state governments. We expect that the federal government will be communicating with states and that states will be figuring out which of their agencies should perform which tasks. Our thinking is that for each state, several agencies will be involved.

(2) The estimates you cite say that greenhouse gas emissions will be reduced 40% by 2030. But if people don't buy EVs or don't do home efficiency improvements, will we reach that mark?

- We have read three or four analyses showing that a 40% greenhouse gas reduction by 2030 is likely, but actual emissions reductions could be more or less, depending on a lot of factors (including consumer participation as you suggest). Our view is that it will take a couple of years before consumers become very familiar with the grants and incentives, but after that, participation will be very high. Our goal at Green Energy Consumers is to speed up participation.

(3) As a homeowner in Massachusetts or Rhode Island, how would you recommend moving forward in considering adding solar, heat pumps, etc. Is it best to do it now or wait until 2023?

- We recommend that everyone visit [this website](#) from Rewiring America and fill out the information for their particular situation. It will calculate the benefits you are eligible for, now and in the future. Also, you can get [information about solar](#) through our partnership with Energy Sage and [information about heat pumps](#) through our partnership with Abode Energy Management. Your eligibility for various incentives and circumstances at your home, such as the status of your electrical system, would influence when you would want to sign contracts for solar and heat pumps. It is a good idea to start exploring your options now.

(4) How does the direct pay for non-profits and municipalities work?



- Based on what we have read and heard, it's going to be very straight-forward. If a project costs \$1 million, for example, it should be eligible for a thirty percent (30%) or \$300,000 direct payment from the federal government. And if the project benefits low-income people, it would be eligible for another twenty percent (20%). We don't know yet whether that will come from the Internal Revenue Service or the Department of Energy. And we don't know yet what sort of requirements will be put in place and what the documentation will entail.



Electric Power

(5) Do solar panels installed in 2022 qualify now for 30% or is it still 26% until 2023?

- Solar panels installed in 2022 are eligible for 30%, as shown here:
<https://www.rewiringamerica.org/app/ira-calculator>.

(6) Would transmission funds apply to things like upgrading transformers on the local grid? Right now, utilities are charging individual customers to upgrade the transformers to allow for in-home storage.

- Not on the local grid, that is what we call the distribution system.

(7) Are there any provisions in the Inflation Reduction Act to reward solar industry for not pitting solar installations against existing trees? (i.e. find alternate sites - rooftops, parking lots, etc.)

- The IRA improves incentives for solar energy and other clean energy technologies but permitting will primarily be done at the state and local level.

(8) How does a tax-exempt entity take advantage of the renewable tax credits? Is it similar to the Investment Tax Credit where they would get it up front or is it associated with the Production Tax Credit and they would get revenue over time based on production?

- A project can choose between the Investment Tax Credit or Production Tax Credit, but IRA makes it possible to receive direct payment if the project is owned by a tax-exempt entity, such as a nonprofit or municipality.



Transportation

(9) Does the domestic content condition for the EV tax credit also apply to commercial vehicles?

- No. According to [this factsheet](#) from the Electrification Coalition, there are no battery or mineral sourcing requirements for commercial vehicles.

(10) Do the old federal incentives still hold for cars bought in 2022?

- The old federal tax credit still holds for cars bought until August 16, 2022, the day President Biden signed the Inflation Reduction Act. After August 16, the old federal tax credit holds *with the addition of an important requirement*: vehicles must be assembled in North America to qualify. You can learn more about this [on our blog](#).

(11) Can the existing supply chain meet these requirements to capture this tax credit, or is it going to take several years of supply chain restructuring before being able to benefit from these credits?

- In the short term, it may be a challenge for automakers to meet these requirements. Right now, automakers are busy preparing to prove that their vehicles meet the battery and mineral sourcing requirements that kick in on January 1. It remains to be seen how many currently meet those requirements, so it's hard to predict what the impact will be! Our best guess right now is that the federal tax credit may have a smaller impact in the short term than we would like from a climate perspective, but that it will really kick into gear in a couple years.

(12) Can I use the federal tax credit AND still get a state rebate for an electric car?

- Yes!

(13) Does the credit for installing charging equipment have an income cap?

- The IRS has not released final guidance on this tax credit (and is unlikely to for several months), so we do not have an official answer to this question. However, based on our read, there will not be an individual income cap for the federal tax credit. Instead, to take advantage of the federal tax credit, you must live in a qualified census tract. [This resource](#) summarizes qualifying census tracts as:
 - "A population census tract where the poverty rate is at least 20%, or



- Non-metropolitan area: the median family income \leq 80% of the statewide median family income
- Metro-area: the median family income \leq 80% of statewide median family income or the metropolitan area median family income."



Buildings & Heating

(14) Since most of these building electrification tax credits are capped, can these tax credits be carried forward to the next tax years?

- Yes.

(15) Are any of the building incentives or credits retroactive? Do they start in 2023 or cover 2022?

- We refer you to this resource, for now: <https://www.rewiringamerica.org/app/ira-calculator>.

(16) Which green appliances are included for tax credits or rebates? How about induction stoves/ovens?

- Again, we refer you to: <https://www.rewiringamerica.org/app/ira-calculator>.

(17) Can I combine the federal incentives/programs with what is offered through MassSave?

- We believe so, but we recommend waiting for information from the federal government and Mass Save.

(18) You mentioned that the contractor figures out the projected energy savings. What if you have multiple contractors working on the different parts of the total project?

- We do not want to speculate on how the federal government will implement these provisions.

(19) For building energy upgrades with income caps - how will states determine this for 2023? Tax return from year 202X?

- We will have to wait and see.

(20) Do the heat pump incentives cover geothermal heat pumps?

- For the tax credit, yes.