

THE INFLATION REDUCTION ACT: A GUIDE FOR CO-OPS

On August 16, the President signed into law the Inflation Reduction Act (IRA) of 2022 (P.L. 117-169). The IRA was passed through the budget reconciliation process in Congress and aims to reduce the federal deficit by \$102 billion over a nine-year period while making significant investments in energy, climate, and environmental programs. Overall, the legislation aims to reduce greenhouse gas emissions to 40 percent below 2005 levels by 2030. In addition to direct investments in climate mitigation programs, the IRA also funds tax incentives to bolster these efforts. The below analysis provides details on provisions across cooperative sectors within the legislation.

INFLATION REDUCTION ACT'S (IRA) CO-OP PROVISIONS:

Electric Loans for Renewable Energy Section 22001

Funding amount: \$1,000,000,000

Eligible Entities: Electric service providers, cooperatives, municipals, investor-owned and Tribal utilities. Potential

Potential Co-op sector(s): Rural Electric Cooperatives

Provides \$1 billion in RUS loans for renewable energy infrastructure and requires USDA Rural Development to forgive up to 50 percent of the loan amount if the loan terms and conditions are complied with. All projects must be for the build-out of energy conservation systems fueled by solar, hydro, wind, geothermal, and biomass for storage of such energy types. Priority will be given to new construction of renewable energy infrastructure.

Rural Energy for America Program Section 22002

Funding amount: \$2,025,450,000 to remain available through 2031. \$303 million set aside for underutilized technologies and technical assistance.

Renewable Energy System Grants: \$2,500 minimum. \$500,000 maximum.

Energy Efficiency Grants: \$1,500 minimum. \$250,000 maximum.

Eligible Entities: Rural small businesses, including co-ops and Agricultural producers. Businesses must be in rural areas with populations of 50,000 residents or less. Agricultural producers may be in rural or non-rural areas.

Potential Co-op Sector(s): Agricultural and any Rural Co-op Businesses

Appropriates additional funding through the Rural Business Cooperative Service (RBCS) for grants and loan financing to agricultural producers and rural small businesses interested in installing renewable energy systems or making energy efficiency improvements. Additionally, allows funds to be used for: 1) technical assistance to producers/rural small business owners applying for a grant or loan through the Rural Energy for America Program and 2) provide grants or guaranteed loans to producers/rural small business owners interested in implementing an underutilized renewable energy. Eligible uses for renewable energy systems include:

- Biomass (for example: biodiesel and ethanol, anaerobic digesters, and solid fuels)
- Geothermal for electric generation or direct use
- Hydropower below 30 megawatts
- Hydrogen
- Small and large wind generation
- Small and large solar generation
- Ocean (tidal, current, thermal) generation

Funds may also be used for the purchase, installation, and construction of energy

efficiency improvements, such as:

- High efficiency heating, ventilation, and air conditioning systems (HVAC)
- Insulation
- Lighting
- Cooling or refrigeration units
- Doors and windows
- Electric, solar or gravity pumps for sprinkler pivots
- Switching from diesel to electric irrigation motor
- Replacement of energy-inefficient equipment

Agricultural producers may also use guaranteed loan funds to install energy efficient equipment and systems for agricultural production or processing.

Biofuel Infrastructure and Agricultural Product Market Expansion

Section 22003

Funding Amount: \$500,000,000

Eligible Entities: Any agricultural commodity-based business producing biofuels

Potential Co-op Sector(s): Agricultural

Provides \$500 million in RBCS grants to increase the sale and use of agricultural commodity-based fuels through infrastructure improvements for blending, storing, supplying, or distributing biofuels. Eligible uses include installing, retrofitting, or otherwise upgrading fuel dispensers or pumps and related equipment, storage tank system components, and other infrastructure required at a location related to dispensing certain biofuel blends.

Additional uses include building and retrofitting home heating oil distribution centers or equivalent entities and distribution systems for ethanol and biodiesel blends. Federal cost share of up to 75%.

USDA Assistance for Rural Electric Cooperatives

Section 22004

Funding amount: \$9,700,000,000

Eligible Entities: Rural electric cooperatives, current and former Rural Utilities Service (RUS) electric borrowers, or a cooperative that is serving a predominantly rural area (or a wholly or jointly owned subsidiary of such electric cooperative).

Potential Co-op Sector(s): Rural Electric Cooperatives

Provides \$9.7 billion in RUS loans, grants, loan modifications and other financial assistance to support the purchase of renewable energy, renewable energy systems, zero-emissions, and carbon capture systems, storage, nuclear, generation and transmission system efficiency improvements, and other projects that reduce greenhouse gases and aid disadvantaged rural communities. Federal cost share of up to 75%, with a maximum for any one entity of \$970 million in financial assistance.

Farm Loan Immediate Relief for Borrowers with At-Risk Agricultural Operations

Section 22006

Funding Amount: \$3,100,000,000

Eligible Entities: Distressed farmers and borrowers at financial risk who received FSA direct and guaranteed loans.

Potential Co-op Sector(s): Agricultural

Provides \$3.1 billion for USDA to provide relief for distressed borrowers with certain Farm Service Agency (FSA) direct and guaranteed loans and to expedite assistance for financially at-risk agricultural operations.

USDA Assistance and Support for Underserved Farmers, Ranchers, and Foresters

Section 22007

Funding Amount: \$2,859,000,000

Eligible Entities: Cooperatives, underserved farmers, ranchers, or forest landowners, including veterans, limited resource producers, beginning farmers and ranchers, and farmers, ranchers, and forest landowners living in high poverty areas.

Potential Co-op Sector(s): Agricultural

Provides \$2.2 billion for financial assistance, to farmers, ranchers, or forest landowners determined to have experienced discrimination within USDA programs. Provides \$125 million for outreach, mediation, financial training, capacity building

training, cooperative development and agricultural credit training and support, and other technical assistance on issues concerning food, agriculture, agricultural credit, agricultural extension, rural development, or nutrition to underserved farmers, ranchers, or forest landowners, including veterans, limited resource producers, beginning farmers and ranchers, and farmers, ranchers, and forest landowners living in high poverty areas. Provides \$250 million for grants and loans to improve land access for underserved farmers, ranchers, and producers. Provides \$10 million for one or more equity commissions that will address racial equity issues within USDA and its programs. Provides \$250 million to 1890s Institutions for agricultural research, education, and extension, as well as scholarships and programs that provide internships and pathways to agricultural sector or Federal employment.

Additional Agricultural Conservation

Investments

Section 21001

Funding Amount: \$18,050,000,000

- \$8.45 billion for the Environmental Quality Incentives Program (EQIP)
- \$3.25 billion for the Conservation Stewardship Program (CSP)
- \$1.4 billion for Conservation Easement Program (CEP)
- \$6 billion for Regional Conservation Partnership Program (RCPP)

Eligible Entities: Agricultural producers, farmers, ranchers, and nonindustrial private forestland owners

Potential Co-op Sector(s): Agricultural

Appropriates an additional \$8.45 billion for Fiscal Years 2023-2026 for various USDA Conservation programs under the authority of the Commodity Credit Corporation. Funding can be used to improve soil carbon, reduce nitrogen losses, or reduce, capture, avoid, or sequester carbon dioxide, methane, or nitrous oxide emissions, associated with agricultural production for several

NRCS programs.

Conservation Technical Assistance

Section 21002

Funding Amount: \$1,400,000,000

Eligible Entities: Agricultural producers, Farmers, Rancher, and Forestland owners

Potential Co-op Sector(s): Agricultural

Provides \$1 billion to the Natural Resource Conservation Service (NRCS) to provide technical assistance to farmers, ranchers and forestland owners on conservation practices. Provides \$300 million to NRCS to quantify carbon dioxide sequestration through USDA's Greenhouse Gas Inventory and Assessment Program.

State and Private Forestry Conservation Programs

Section 23003

Funding Amount: \$2,200,000,000

Eligible Entities: State or federal agencies, governmental entities, Indian Tribes, or nonprofit organizations.

Potential Co-op Sector(s): Agricultural

Provides \$700 million in competitive grants to States through the Forest Legacy Program for the acquisition of land and interests in land. Provides \$1.5 million in multiyear, programmatic, competitive grants to a State or federal agencies, a governmental entity an Indian Tribe, or a nonprofit organization through the Urban and Community Forestry Assistance program for tree planting and related activities.

Improving Energy Efficiency, Water Efficiency or Climate Resilience of Affordable Housing

Section 30002

Funding Amount: \$1,000,000,000

Eligible Entities: Nonprofit consumer cooperatives, and private nonprofit organizations

Potential Co-op Sector(s): Housing, Purchasing

Establishes the Green and Resilient Retrofit Program (GRRP) within the Department of Housing and Urban Development (HUD) as part of its Climate Action Plan. Administered through the Office of Housing, the GRRP will combine direct loan subsidies and competitive grants, paired with technical assistance, to support energy efficiency and climate resilient



improvements in assisted multifamily properties.

**Energy Infrastructure Reinvestment Financing
Section 50144**

Funding Amount: \$5,000,000,000 with a total loan cap of \$250,000,000,000

Eligible Entities: Rural Electric Cooperatives, Electric service providers, municipals, investor-owned and Tribal utilities.

Potential Co-op Sector(s): Rural Electric Cooperatives

Establishes the Energy Infrastructure Reinvestment (EIR) Guaranteed Loan Program within the Department of Energy for projects that retool, repower, repurpose, or replace nonoperating energy infrastructure that has ceased operations, or enable operating energy infrastructure to avoid, reduce, utilize, or sequester air pollutants or human-made greenhouse gas emissions. Eligible projects to replace nonoperating energy infrastructure and that involve electricity generation through the use of fossil fuels are required to have controls or technologies to avoid, reduce, utilize, or sequester air pollutants and human-made greenhouse gas emissions.

**Home Energy Performance Based Whole House Rebates
Section 50121**

Funding Amount: \$4,300,000,000

Eligible Entities: Single family homes, multifamily homes aggregators

Potential Co-op Sector(s): Housing, Purchasing

Provides states with the funding to create home energy performance-based, whole house rebates (HOMES Rebate Program), through the Department of Energy. Rebates for energy efficiency retrofits range from \$2,000-\$4,000 for individual households and up to \$400,000 for multifamily buildings. \$2,000 rebate will be for retrofits to reduce energy use by 20 percent or more, and \$4,000 rebates are for retrofits saving 35% or more. Maximum rebates double for retrofits of low- and moderate-income homes. The HOMES Rebate program would cover upgrades, from solar panels to new windows, and any other upgrades that help homes become more energy efficient.

**State-Based Home Energy Efficiency Contractor Training Grants
Section 50123**

Funding Amount: \$200,000,000

Eligible Entities: Nonprofit organizations, states

Potential Co-op Sector(s): Purchasing

Provides financial assistance through the Department of Energy to states to develop and implement programs for training and educating contractors involved in the installation of home energy efficiency and electrification improvements. States may use the funds to reduce the cost of training contractors to provide testing and certification of contractors trained and educated under a state program. A state may also partner with nonprofit organizations to

develop and implement a state program.

Environmental and Climate Justice Block Grants
Section 60201

Funding Amount: \$3,000,000,000

Eligible Entities: States, tribes, municipalities, and a community-based nonprofit organization

Potential Co-op Sector(s): Rural Electric Cooperatives, Purchasing, Housing, Co-op Development Centers

Provides \$2.8 billion in competitive 3-year grants and \$200 million for technical assistance to address clean air and climate pollution in disadvantaged communities through the Environmental Protection Agency. Eligible uses include:

- Community-led air and other pollution monitoring, prevention, and remediation, and investments in low- and zero-emission and resilient technologies that help reduce greenhouse gas emissions and other air pollutants
- Mitigating climate and health risks from urban heat islands, extreme heat, wood heater emissions, and wildfire events
- Fund climate resiliency and adaptation
- Reducing indoor toxins and indoor air pollution
- Facilitating engagement of disadvantaged communities in State and Federal advisory groups, workshops, rulemakings, and other public processes

Grants can be used flexibly to fund several climate and air quality priorities, such as replacing old wood heaters in homes, which would result in cost savings for rural and tribal communities

Greenhouse Gas Reduction Fund:
Section 60103

Funding Amount: \$27,000,000,000

Eligible Entities: States, Municipalities, Tribal Governments, and Nonprofit organizations that (A) are designed to provide capital, including by leveraging private capital, and other forms of financial assistance for the rapid deployment of

low- and zero-emission products, technologies, and services; (B) does not take deposits other than deposits from repayments and other revenue received from financial assistance provided using grant funds under this section; (C) is funded by public or charitable contributions; and (D) invests in or finances projects alone or in conjunction with other investors.

Potential Co-op Sector(s): Rural Electric Cooperatives, Purchasing, Housing, Financial, Co-op Development Centers

Establishes the \$27 billion Greenhouse Gas Reduction Fund through the EPA. This includes:

1. \$7 billion for competitive grants to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies, including distributed technologies on residential rooftops.
2. Nearly \$12 billion for competitive grants to eligible entities to provide financial and technical assistance to projects that reduce or avoid greenhouse gas emissions.
3. \$8 billion for competitive grants to eligible entities to provide financial and technical assistance to projects that reduce or avoid greenhouse gas emissions in low-income and disadvantaged communities.

TAX CREDITS:

Production Tax Credit for Electricity from Renewables

Section 13101

Eligible Entities: Facilities generating electricity from wind, biomass, geothermal, solar, small irrigation, landfill and trash, hydropower, and marine and hydrokinetic renewable energy

Potential Co-op Sector(s): Rural Electric Cooperatives

Extends the Production Tax Credit (PTC) for wind, biomass, geothermal, solar, landfill gas, trash, qualified hydropower, and marine and hydrokinetic resources through 2024. It extends and modifies the non-business energy property tax credit for property placed in service before December 31,

2032. Increases the PTC 10 to 30 percent and the cap would be increased from \$1,200 to \$2,000. Sets the base PTC amount at 0.3 cents per kWh. Facilities that meet certain prevailing wage and apprenticeship requirements during the construction phase and first 10 years of operation are eligible for a credit of 2.5 cents per kWh. Provides a bonus credit for projects that meet certain requirements to certify that certain steel, iron, and manufactured products used in the facility were produced in the U.S.

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

Investment Tax Credit for Energy Property **Section 13102**

Eligible Entities: Fuel cell, solar, geothermal, small wind, energy storage, biogas, microgrid controllers, and combined heat and power properties.

Potential Co-op Sector(s): Purchasing and Rural Electric

Expands the Energy Investment Tax Credit (ITC) to additional facilities including stand-alone storage, qualified biogas property, electrochromic glass and microgrid controllers. Extends the beginning-of-construction deadline to before January 1, 2025. The base credit rate is 6 percent for solar, fuel cells, waste energy recovery, combined heat and power, and small wind properties. This credit may be expanded to up to 30 percent if wage and workforce requirements are met. An additional bonus credit of up to 10 percent (i.e., expanding the credit to up to 40 percent) is available for projects that use certified steel, iron and manufactured products that are produced in the U.S.

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.

Increase in Energy Credit for Solar and Wind Facilities Placed in Service in Connection with Low-Income Communities

Section 13103

Eligible Entities: Solar and wind facilities with a maximum net output of less than 5 MW, including

associated energy storage technology.

Potential Co-op Sector(s): Rural Electric Cooperatives

Provides a bonus tax credit of 10 percentage points for small-scale solar and wind facilities in low-income and tribal communities. Provides a bonus tax credit of 20- percentage points to facilities in certain federally subsidized housing programs or that provides at least 50 percent of any financial benefits of the electricity produced

to low-income households. To receive this credit, the Treasury must allocate an “environmental justice solar and wind capacity limitation” to qualified solar and wind facilities with a maximum of 1.8 gigawatts of capacity for calendar years 2023 and 2024. Qualifying solar and wind facilities would include those with capacity of 5 megawatts or less, and qualifying property would include energy storage property installed in connection with the solar property and interconnection property. Facilities receiving an allocation would be required to have the facility placed in service within four years.

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

Credit for Carbon Oxide Sequestration (45Q Tax Credit)

Section 13104

Eligible Entities: U.S. facilities within minimum volumes: 1,000 metric tons of CO₂ per year for DAC facilities; 18,750 metric tons for electricity generating facilities (with carbon capture capacity of 75% of baseline CO₂ production); 12,500 metric tons for other facilities

Potential Co-op Sector(s): Rural Electric Cooperatives

Extends the 45Q tax credit for carbon capture and carbon sequestration projects to those that begin construction before January 1, 2033. Lowers the carbon capture threshold for facilities including Direct Air Capture (DAC) and Electricity Generation. Provides bonus credits for entities that meet prevailing wage and registered apprenticeship requirements.

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 (applicable entities).

Zero-Emission Nuclear Power Production Credit (45U Tax Credit)

Section 13105

Eligible Entities: Existing nuclear power plants at the time of enactment that are not eligible for the 45J (Advanced Nuclear Production) credit.

Potential Co-op Sector(s): Rural Electric Cooperatives

Establishes a base credit of \$0.3 per kWh for qualified nuclear power facilities that are not eligible for the 45J tax credit. \$1.5 per kWh for the electricity produced by plants that meet certain labor and wage requirements. This is available for facilities in service after 2023 and would last through 2032.

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

Clean Electricity Production Tax Credit

Section 13701

Eligible Entities: Facilities generating electricity with zero greenhouse gas emissions and in service after 2024.

Potential Co-op Sector(s): Rural Electric Cooperatives, Agricultural

Creates a new clean electricity production tax credit (EPTC). This new EPTC would be for the sale of domestically produced electricity with zero greenhouse gas emissions. In the case of an eligible cooperative organization, any portion of the credit determined for the taxable year may, at the election of the organization, be apportioned among patrons of the organization on the basis of the amount of business done by the patrons during the taxable year. 'Eligible cooperative' means a cooperative organization which is owned more than 50 percent by agricultural producers or by entities owned by agricultural producers. For this purpose, an entity owned by an agricultural producer is one that is more than 50 percent owned by agricultural producers.

Direct Pay Eligibility: Yes, for tax-exempt organizations; states; political subdivisions; the Tennessee Valley Authority; Indian Tribal governments; Alaska Native Corporations; and rural electric co-ops. Applies separately with regard to each facility.

Advanced Energy Project Credit (48C Tax Credit)

Eligible Entities: A project that (1) re-equips, expands, or establishes an industrial or manufacturing facility for the production or recycling of a range of clean energy equipment and vehicles; (2) re-equips an industrial or manufacturing facility with equipment designed to reduce greenhouse gas emissions by at least 20 percent; or (3) re-equips, expands, or establishes an industrial facility for the processing, refining, or recycling of critical materials.

Potential Co-op Sector(s): Rural Electric Cooperatives

Provides a tax credit for investments in advanced energy projects. The allocated investment credit provides \$10 billion in allocations, at least \$4 billion of which must be allocated to energy communities. Bonus credit of up to 30 percent for projects that meet prevailing wage and apprenticeship requirements.

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

Advanced Manufacturing Production Credit

Section 13502

Eligible Entities: Domestic manufacturers

Potential Co-op Sector(s): Manufacturing

Provides a new production tax credit for the domestic manufacturing of components for solar and wind energy, inverters, battery components, and critical minerals. The amount of the credit varies depending on the eligible components, which include specifically listed items used in wind, solar, and battery projects, such as blades, wind turbine towers, PV cells, solar grade polysilicon, solar modules, torque tubes, structural fasteners, electrode active materials, battery cells, battery modules, and certain critical minerals.

Direct Pay Eligibility: Yes, for tax-exempt organizations, states, political subdivisions, the Tennessee Valley Authority, Indian Tribal governments, Alaska Native Corporations, and rural electric co-ops (applicable entities).

Extension of Tax Credits for Biodiesel and Renewable Diesel and Alternative Fuels
Section 13201

Eligible Entities: Biodiesel, Renewable Diesel, and Alternative Fuels producers.
Potential Co-op Sector(s): HVAC Purchasing, Housing, Electric, Agricultural

Extends the existing tax credits for biodiesel and renewable diesel through December 31, 2024 and requires Treasury to issue guidance for a retroactive credit for fuel sold or used after December 31, 2021.

Direct Pay Eligibility: N/A

Extension of Second-Generation Biofuel Incentives
Section 13202

Eligible Entities: Registered Second Generation Biofuel producers
Potential Co-op Sector(s): HVAC Purchasing, Housing, Electric, Agricultural

Extends the \$1.01-per-gallon income tax credit for second-generation biofuel production through December 31, 2024.

Direct Pay Eligibility: N/A

Sustainable Aviation Fuel Credit
Section 13203

Eligible Entities: Registered Aviation fuel producers
Potential Co-op Sector(s): Fueling Co-ops

Creates a new tax credit for sale or use of sustainable aviation fuel between January 1, 2023, through December 31, 2024. The credit applies to sustainable aviation fuels certified as reducing lifecycle greenhouse gas emissions by 50 percent compared to petroleum-based aviation fuel. The base credit is \$1.25 per gallon of fuel, and a bonus credit of \$0.01 applies for each percentage reduction of the lifecycle greenhouse gas emissions below 50 percent.

Direct Pay Eligibility: N/A

Residential Clean Energy Credit

Section 13302

Eligible Entities: Housing Cooperatives, Homeowners
Potential Co-op Sector(s): Housing Cooperatives

Extends the residential clean energy tax credit through 2034 for the purchase of solar electric, solar water heating, fuel cells, geothermal heat pumps, small wind energy, and qualified biomass fuel infrastructure. Expands eligible equipment to include residential battery storage technology with capacity of at least 3 kWh. Provides 30% credit rate through 2032, 26% in 2033 and 22% in 2034.

Direct Pay Eligibility: N/A

Clean Hydrogen Tax Credit

Section 13204

Eligible Entities: Clean hydrogen producers
Potential Co-op Sector(s): Electric Cooperatives

Creates a new production tax credit to qualified facilities for clean hydrogen produced at a qualifying facility during the first 10 years of operation. The base credit rate is up to \$0.60 per kilogram of qualified clean hydrogen, depending on the lifecycle greenhouse gas emissions rate. Provides a bonus credit of up to \$3 per kilogram of qualified clean hydrogen, if the facility taxpayer meets prevailing wage and qualified apprenticeship requirements or the facility meets certain construction timeline requirements .

Direct Pay Eligibility: Yes, for tax-exempt organizations, states, political subdivisions, the Tennessee Valley Authority, Tribal governments, Alaska Native Corporations, and rural electric co-ops (applicable entities).

Clean Vehicle Tax Credit (30D Tax Credit)

Section 13401

Eligible Entities: Clean vehicle owners
Potential Co-op Sector(s): Purchasing, Worker

Modifies and extends the Electric Vehicle (EV) tax credit by requiring that a certain percentage of the critical minerals used in an EV battery be extracted or processed in the United States (or a country with which the United States has a free trade agreement), or be recycled in North America. Vehicles meeting

these requirements qualify for a \$3,750 tax credit. To qualify for a bonus \$3,750 credit, vehicles must meet a threshold percentage of EV battery components manufactured or assembled in North America. Additionally, this section imposes an income-based eligibility limit of \$300,000 for joint returns; \$225,000 for a head of household; and \$150,000 for other tax filers. This section also prohibits eligibility for vans, sport utility vehicles, and pick-up trucks with manufacturer's suggested retail prices in excess of \$80,000 and other vehicles in excess of \$55,000.

Direct Pay Eligibility: N/A

Alternative Fuel Vehicle Refueling Property Credit **Section 13404**

Eligible Entities: Alternative fuel vehicle refueling property in low-income or rural areas

Potential Co-op Sector(s): Rural Electric Cooperatives

Extends the tax credit for alternative fuel vehicle refueling and charging stations for clean burning fuels in low-income and rural areas to December 31, 2032. Alternative fuels include electricity, ethanol, natural gas, hydrogen, biodiesel, and others. Expands eligible infrastructure to include bidirectional charging equipment and charging equipment for 2- and 3-wheel electric vehicles. Provides a base credit of 6%, capped at \$100,000 for businesses, and 30% capped at

\$1,000 for individuals.

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

Clean Fuel Production Credit **Section 13704**

Eligible Entities: Registered producers in the United States. Fuels with less than 50 kilograms of carbon dioxide equivalent (mmBTU) qualify as clean fuels eligible for credits.

Potential Co-op Sector(s): Rural Electric Cooperatives

Establishes a new tax credit for domestic clean transportation fuel production. The base credit is \$0.20/ gallon for non-aviation fuel and \$0.35/gallon

for aviation fuel, multiplied by the carbon dioxide "emissions factor" of the fuel. The credit is 5 times the base amount (\$1/gallon for non-aviation fuel, \$1.75 gallon for aviation fuel, multiplied by the emissions factor) for facilities meeting prevailing wage and registered apprenticeship requirements.

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

Elective Payment for Energy Property and Electricity Produced from Certain Renewable Resources **Section 13801**

Eligible Entities: Rural Electric Cooperatives, and other tax-exempt utilities or service providers.

Potential Co-op Sector(s): Rural Electric Cooperatives

Allows rural electric cooperatives and other tax-exempt entities to receive tax credit amounts as payments ("direct pay"). Direct pay gives electric cooperatives tax parity with industry counterparts when they deploy new energy technologies, including carbon capture, nuclear, energy storage, and traditional renewables. To realize the full credit amount under this system, an eligible entity must then also meet prevailing wage, apprenticeship, and domestic content requirements to receive an additional "bonus credit." The bill provides additional bonuses for investment in low-income and other marginalized communities.



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