Inflation Reduction Act (IRA) Impacts and Strategy

Community Advisory Panel Presentation

May 11th, 2023

Currently Speaking:
ALYSSA RAMIREZ

AGENDA

- Introductions
- Key Outcomes
- Inflation Reduction Act Overview
- Customer Centered Strategic Approach & Opportunities
- Q&A
- Utility Focused Project Opportunities with Customer Impact
- Q&A

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Introductions

Currently Speaking:
ALL

West Monroe helps utilities address strategic industry issues through our cross-functional and deep industry and project management expertise

WE SUPPORT THE UTILITY TRANSFORMATION LIFECYCLE

Business & Regulatory Strategy ▶ Business Case & Roadmaps ▶ Program Design & Governance ▶ Vendor Evaluation & Management ▶ Program Execution

OUR ENERGY & UTILITIES PRACTICE

150+	Dedicated utility professionals
750+	Engagements executed, solving for both business and technology issues
9.5	Average Client Satisfaction score from past engagements (out of 10)
150+	Energy and utilities industry-related points of view published

About West Monroe:

Founded in 2002, 2,200+ employees
9 offices globally, Employee-owned

PROJECT TEAM

Alyssa Ramirez, Senior Consultant

Project Manager

Calvin Tong, Senior Manager

Subject Matter Specialist

Daniel Zimmerman, Senior Manager

Subject Matter Specialist

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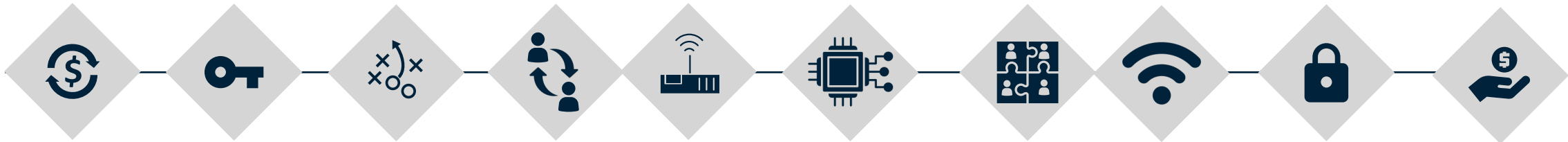
West Monroe has been a strategic partner with KUB over the last 15 years. Our work with the utility has been cross functional across numerous projects.



2009/2010
American Recovery and Reinvestment Act (ARRA) / Smart Grid Investment Grant (SGIG) Projects

2012
Cybersecurity Assessment

2015
Telecommunications Roadmap

2016
Customer Communications and Engagement Strategy / Wide Area Network (WAN) / Field Area Network (FAN) Vendor Selection

2017/2018
Multiprotocol Label Switching (MPLS) Vendor Selection & Design

2019
Customer Information System (CIS) Information Technology (IT) Roadmap / Broadband Feasibility Study & Operational Assessment

2022
Cybersecurity Strategic Roadmap

2023
Infrastructure Investment and Jobs Act / Inflation Reduction Act Strategy & Grant Application Development

West Monroe has helped KUB think through their modernization journey by offering workshops, industry updates, vendor introductions, and through successfully completing a variety of projects.

Key Outcomes

OUR OBJECTIVE

Knoxville Utilities Board (KUB) consulted West Monroe to provide guidance and information on opportunities in the Inflation Reduction Act (IRA) that might **impact projects, utility programs, and the community**. This included an assessment of provisions in the IRA including tax credits, incentives, rebate programs, and grant opportunities.

West Monroe facilitated workshops to discuss KUB and stakeholder interests to help identify the most relevant IRA programs that align with the utility and community.

Through the analysis, the most relevant **utility and customer centered opportunities** were identified for KUB and stakeholder interests to pursue in order to ensure the maximum amount of federal investment is realized by the community.

KEY OUTCOMES

- Provide education & awareness on the relevant clean energy and energy efficiency opportunities available to the Knoxville community
- Equip the Community Advisory Panel with material to support development of its recommendations for the next Community Advisory Panel meeting.

Inflation Reduction Act Overview

IIJA & IRA COMPLEXITY AT A GLANCE

Signed into law at the end of 2021, IIJA provided utilities with funds to help modernize US infrastructure and expand outreach with broadband, cybersecurity, environmental, and resiliency programs. The addition of IRA this year provides new opportunities for clean energy and environmental investments, energy efficiency, and domestic manufacturing.

Together, nearly **2 trillion federal dollars** are allocated towards modernizing infrastructure and helping drive the reduction of greenhouse gas emissions via **500+ funding programs** distributed by **nearly two dozen federal agencies**. Each agency disburses funds utilizing their own unique procedures, and each funding program is on its own timeline. **There is no easy-to-use central repository to sort, filter, and prioritize these funding opportunities.**

THE INFRASTRUCTURE INVESTMENT & JOBS ACT (IIJA)

Enacted: November 15, 2021
Purpose: investment in our nation's infrastructure and competitiveness by rebuilding aging roads, bridges and rails, expanding access to clean drinking water, ensuring every American has access to high-speed internet, tackling the climate crisis, advancing environmental justice, and investing in communities
Primary Financial Mechanisms: Infrastructure grant programs
$ Funding: $1.2 Trillion

THE INFLATION REDUCTION ACT (IRA)

Enacted: August 16, 2022
Purpose: Down payment on deficit reduction to fight inflation, invest in domestic energy production and manufacturing, and reduce carbon emissions by roughly 40 percent by 2030.
Primary Financial Mechanisms: Tax credits and other incentives designed to make decarbonization investments and technologies as or more attractive than fossil fuel alternatives.
$ Funding: $773 billion

$386 billion in the IRA will be allocated towards energy security and climate change investments. This is over **three times the amount allocated** to climate change-related investments in the Infrastructure Investment and Jobs Act; However, unlike the IIJA, a majority of this will flow directly to consumers and producers **via tax or production incentives**.

Energy and Climate Provision Summary	Amount (B)
Clean Electricity Tax Credits	$161
Air Pollution, Hazardous Materials, Transportation	$40
Individual Clean Energy Incentives	$37
Clean Manufacturing Tax Credits	$37
Clean Fuel and Vehicle Tax Credits	$36
Conservation, Rural Development, Forestry	$35
Building Efficiency, Electrification, Transmission, Industrial, DOE Grants and Loans	$27
Other Energy and Climate Spending	$14
Total	**$386**

NOTABLE ENERGY & CLIMATE PROVISIONS (NON-EXHAUSTIVE)

Clean Energy Tax Credits

- $30 billion extension of production tax credits will spur market growth for solar, wind, batteries, and critical mineral processing
- Additional $10 billion in investment tax credits will bolster the buildout of clean tech manufacturing facilities

Energy Efficiency

- $4.3 billion has been allocated for State energy offices to implement a home energy retrofit rebate program to increase home energy efficiency
- Another $4.5 billion has been allocated for State energy offices to implement a high-efficiency electric home rebate program focusing on items such as heat pumps (HVAC & water heater), electric stoves, clothes dryers, and air insulation/sealing
- Commercial buildings energy efficiency tax deduction for installing qualifying systems in buildings

Transportation Electrification

- Extension of EV credits to now include used clean vehicles and the removal of limits on the number of vehicles eligible for credits per qualifying manufacturer
- Estimated $2 billion has been appropriated for grants available to the auto industry to manufacture clean vehicle components. An additional $20 billion in loans will also be available for the buildout of these facilities
- $3 billion to electrify the U.S. Postal fleet
- $1 billion for clean heavy-duty vehicles

Customer Centered Strategic Approach & Opportunities

The IRA contains numerous customer centered opportunities from energy efficiency to clean transportation incentives to make the clean energy transition more affordable and accessible

RESIDENTIAL ENERGY TAX CREDITS

- The Residential Clean Energy Credit offers individuals up to 30% annually to make home energy-efficiency improvements. This revived credit was previously known as the nonbusiness energy property credit and expired 12/31/2021
- Homeowners and renters can use this credit annually to make a home energy efficiency improvement for solar panels; solar water heaters; geothermal heat pumps; battery storage; and fuel cells

ENERGY EFFICIENCY REBATES

- Two newly established programs the Home Energy Performance-Based Whole House program, and High Efficiency Electric Home Rebate program will provide incentives for home energy upgrades and weatherization retrofits
- Funding amounts will vary dependent on household income in comparison to area median income
- Funding will be disseminated under the U.S. Department of Energy to State Energy Offices

CLEAN TRANSPORTATION

- Through the IRA, individuals will be able to invest in clean transportation through electric vehicle adoption tax credits
- In addition to the existing and expanded Clean Vehicle Credit, individuals will be able to take advantage of a credit for the purchase of qualifying used vehicles
- Additional incentives will spur investment in public fast charging infrastructure

Rebate deployment for residential energy efficiency will require intensive coordination across the DOE, state energy offices, and relevant stakeholders

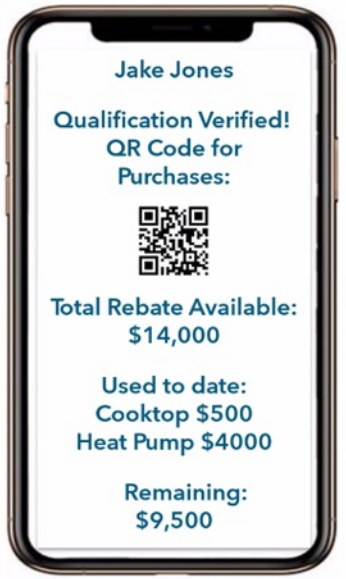
Example of eligible uses for cost saving rebates

High-Efficiency Electric Home Rebate Program (HEEHRP)	
Qualifying Expenses	**Rebates**
Heat pumps for water heating	$1,750
Heat pumps for space heating	$8,000
Electric stoves	$840
Electric heat pump clothes dryers	$840
Electric load service center upgrade (breaker boxes)	$4,000
Electric wiring	$2,500
Weatherization (i.e., insulation, air sealing, and ventilation)	$1,600
Total rebates eligible per household	**$14,000**
Contractor Rebates (In addition to household rebates)	$500

The DOE intends to develop a digital tool that will allow individuals to learn about eligibility

Functionality can include pre-qualified income verification, QR code for point-of-sale purchases, rebate tracking per household, links to other programs for rebate stacking, etc.

The DOE has stated access to these programs will extend beyond digital tools (i.e. utility-bill inserts, etc.) to ensure inclusivity



Sourced from the U.S. Department of Energy

To ensure the Knoxville community maximizes the amount of funding that goes to residents invested stakeholders can help increase awareness of what to expect and avenues to access these programs.

Used vehicles amount to **70% of passenger and light duty vehicle purchases**. Amendments and extension of the clean vehicle credit will significantly increase EV options for the average consumer

CLEAN VEHICLE CREDIT

Up to $7,500, or $3,750 for qualified vehicles that meet battery and/or critical mineral requirements

PREVIOUSLY OWNED CLEAN VEHICLES CREDIT

The lesser of $4,000 or 30% of cost of vehicle

The clean vehicle and previously owned clean vehicle credit will be available through automotive dealerships starting in 2024

ALTERNATIVE FUEL CREDIT

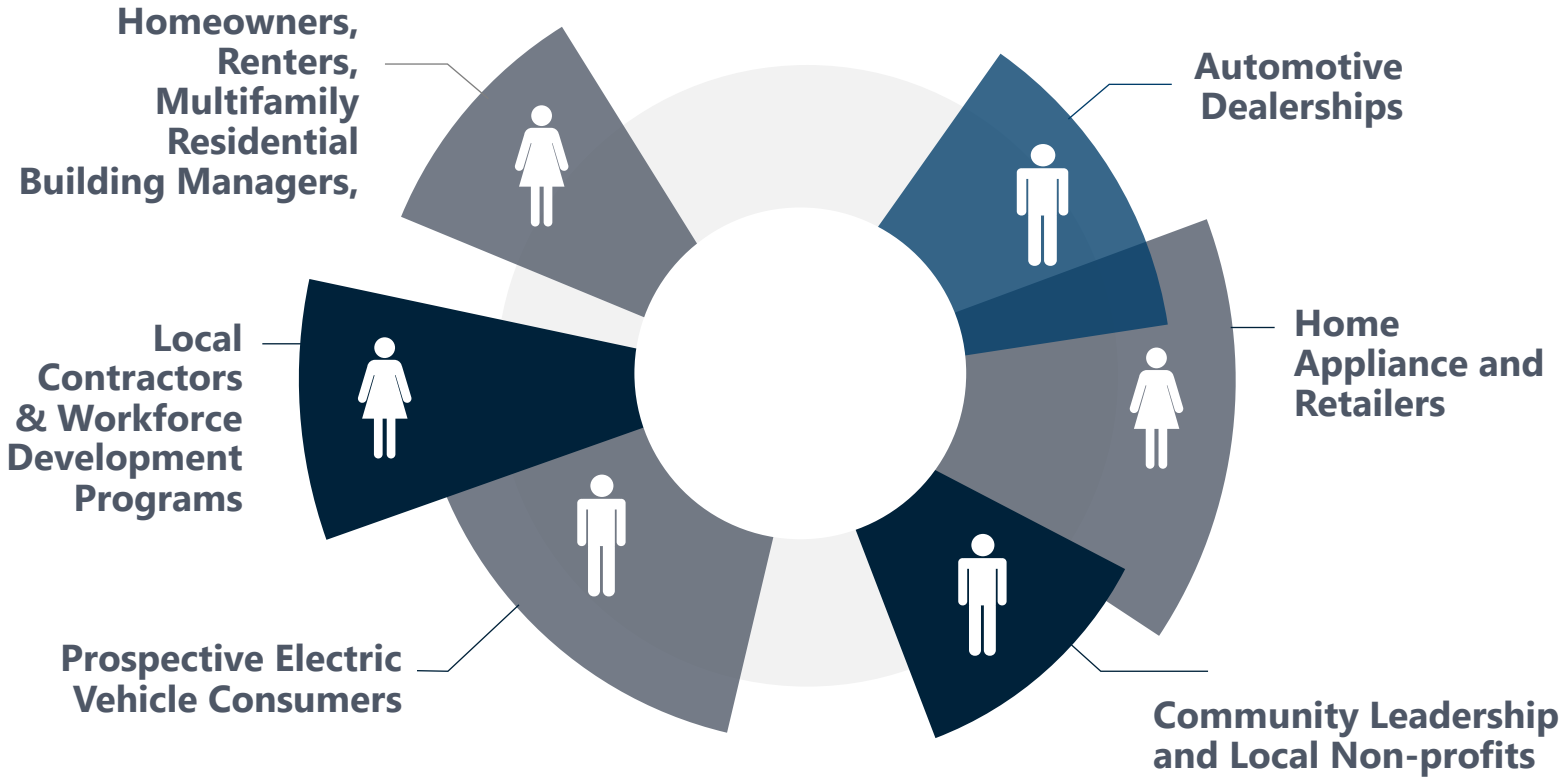
Credit of 30% for individuals or 6% for businesses that is transferable or available via direct payment

Alignment with Regional Goals

- Direct opportunities for customers to save on electric vehicles via tax credits aligns with the Drive Electric Tennessee initiative to reach 200,000 EVs in the state by 2028
- These opportunities also align with the Tennessee Valley Authority's own Fast Charge Tennessee Network efforts to expand supporting infrastructure across the state.

Invested stakeholders can collaborate to create a multifaceted customer outreach strategy to ensure eligible residents and businesses can fully take advantage of federal funding

Prospective Stakeholders



Outreach can include a myriad of resources and stakeholders to maximize utilization

- **Digital engagement and educational materials** that help customers navigate opportunities across a suite of programs;
- **Physical marketing and outreach materials** to be shared with customers;
- **Strategic partnerships** with trusted community leadership, nonprofits, anchor institutions, etc.
- **Collaboration with local stakeholders** such as home appliance and supply retail stores, local contractors, dealerships, etc.

Questions & Answers

Utility Focused Project Opportunities with Customer Impact

The IRA creates a novel opportunity through a **Direct Pay mechanism**, which allows tax-exempt entities to benefit from clean energy investment and production credits that have historically not been available

Tax Code	Direct Pay Eligible Tax Credit Programs	KUB Relevant?
45	Production Tax Credit for Electricity from Renewables	✓
48	Investment Tax Credit for Energy Property	✓
48(e), 48E(h)	Energy Credit for Solar/Wind Facilities Placed in Low-Income Communities	✓
45U	Zero-Emission Nuclear Power Production Credit	X
45Y	Clean Electricity Production Tax Credit	✓
48E	Clean Electricity Investment Tax Credit	✓
48C	Advanced Energy Project Credit	✓
45X	Advanced Manufacturing Production Credit	X
45W	Credit for Qualified Commercial Clean Vehicles	✓
30C	Alternative Fuel Vehicle Refueling Property Credit	✓
45Z	Clean Fuel Production Credit	X
45Q	Credit for Carbon Oxide Sequestration	X
45V	Clean Hydrogen Production Tax Credit	X

In order to maximize tax benefits & bonus credits available, eligible entities should consider new clean energy projects with these 4 key considerations in mind

Develop and Support Local Workforce

Many tax credits will require Prevailing Wage and Apprenticeship programs to support local workforce growth and meet emerging needs in the clean energy industry

Recommendation: Begin to take inventory of current apprenticeship programs, local small businesses, minority- and women-owned businesses, and pipeline programs that the utility can partner with as these projects develop

Invest in Low-Income and Underserved Communities

Projects that invest in low-income and historically underserved communities are prioritized in efforts to build out local clean infrastructure, reduce exposure to hazardous pollution, and support human, environmental, and economic health

Recommendation: Design projects that will serve to reduce pollutant exposure and increase clean energy infrastructure while supporting local job growth

Support Energy Communities

Provisions in the IRA are intended to help alleviate energy burden and support communities that are predominantly reliant on coal

Recommendation: Identify those Knoxville communities that are living with a disproportionately high energy burden and design projects centered on serving these community needs

Bolster Domestic Manufacturing

Domestic content requirements will ensure federal funding is invested in U.S. manufactured material, supply chain health, and manufacturing jobs

Recommendation: Identify manufacturers that currently meet these requirements or are implementing processes to fill these gaps

Currently Speaking:
CALVIN TONG

The following are two relevant near-term utility IRA opportunities gleaned from information gathered on KUB infrastructure investments that were put in service in 2023

COMMUNITY SOLAR PROJECT

- KUB placed a 1.00 MW DC, 0.888 MW AC community solar installation into service in January 2023. This community solar facility is located at **1400 Loraine Street, Knoxville, Tennessee 37921**

Relevant Tax Credit(s): Investment Tax Credit for Energy Property
Estimated KUB Credit Amount: $346,743
Estimated Base Credit: *$84,850*
+ <1MW Wage & Apprenticeship Exemption: *$339,402*
- Tax Exempt Debt Financing: *($77,509)*

ALTERNATIVE FUELING INFRASTRUCTURE & EVS

- KUB has a goal to get to **70% alternative fuel** for light duty fleet by 2032. KUB's purchase of Ford Lightning vehicles would be eligible for credits
- In January 2023, KUB installed four Level 2 Chargers at the Promenade Garage

Relevant Tax Credit(s):
- Commercial Vehicle Credit
- Alternative Fueling Property Credit*

Estimated KUB Credit Amount: $900 - $4,500 (Level 2 Chargers), $7,500 per vehicle

* Must be placed in low-income or rural area

The following projects were identified as other potential long-term tax credit opportunities – these were either deemed as not immediate priorities, or still require additional scoping

Project Opportunity	Tax Credit / Funding Program	Estimated Amount
CNG Fueling Stations	Alternative Fueling Property Credit	**TBD** (not yet scoped by KUB)
TVA 5% Flexibility Self Generation	ITC or PTC	**TBD** (not yet scoped by KUB)
Standalone Battery Storage	Investment Tax Credit	**TBD** (not yet scoped by KUB)
Level 2 Water Treatment Plant Charging	Alternative Fueling Property Credit	$900 - $4,500 (per location)
Rural EV Fast Charging	Alternative Fueling Property Credit	$60,000 - $100,000 (per location)
Kuwahee Plant Methane Reuse / Biogas Generation	Investment Tax Credit	6% - 50% of costs (Depending on scope and location)
Commercial Buildings Energy Efficiency (EE) Upgrades	Energy Efficient Commercial Buildings Deduction	**N/A** (Not direct pay eligible, but KUB may be able to make an allocation of credits to a Designer supporting the EE upgrades)
Heavy Duty Fleet Vehicles (Class 6 or 7)	Clean Heavy-Duty Vehicles	**TBD** (EPA released a technical RFI, open through June 5, to help inform the program)

Currently Speaking:
CALVIN TONG

Questions & Answers

Thank you

Appendix

Federal Definitions

Energy Community

- A brownfield site (as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980);
- A metropolitan statistical area or non-metropolitan statistical area that has (or had, at any time after December 31, 2009) 0.17 percent or greater direct employment or 25 percent or greater local tax revenues related to the extraction, processing, transport, or storage of coal, oil, or natural gas (as determined by the Secretary), and has an unemployment rate at or above the national average unemployment rate for the previous year (as determined by the Secretary); or
- A census tract in which after December 31, 1999, a coal mine has closed, or after December 31, 2009, a coal-fired electric generating unit has been retired, or which is directly adjoining to any census tract described in subclause.

Low Income Community

A "low-income community" is defined as any population census tract where the poverty rate for such tract is at least 20% or in the case of a tract not located within a metropolitan area, median family income for such tract does not exceed 80% of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80% of the greater of statewide median family income or the metropolitan area median family income.

"Introduction to the New Markets Tax Credit", https://www.irs.gov/pub/irs-utl/atgnmtc.pdf

Rural Community

The Census Bureau does not actually define "rural." Rather, rural areas include all geographic areas that are not classified as urban. For the 2020 Census, an urban area will comprise a densely settled core of census blocks that meet minimum housing unit density and/or population density requirements. This includes adjacent territory containing non-residential urban land uses. To qualify as an urban area, the territory identified according to criteria must encompass at least 2,000 housing units or a population of at least 5,000.

"Urban and Rural", https://www.census.gov/programs-surveys/geography/guidance/geo-areas/urban-rural.html

Federal Definitions

Prevailing Wage & Apprenticeship Requirements

A number of tax credit programs require compliance with Prevailing Wage & Apprenticeship Requirements in order to maximize tax credits. The IRS issued initial guidance in November 2022 on the Prevailing Wage & Apprenticeship requirements (Notice 2022-61); However, **additional clarity is needed (e.g. how to file, establishing tax periods, etc.) and will likely come throughout 2023.**

Prevailing Wage

The Prevailing Wage Requirements generally require that all laborers and mechanics employed by a taxpayer and any contractors or subcontractors of the taxpayer with respect to a project are paid the prevailing wage for the locality in which the facility is located for work performed in the construction of the facility and **for ongoing repairs and alterations** during the applicable tax credit period. *(This is 5 years for the ITC, and up to 10 years for the PTC)*

An individual is considered "employed" for this purpose if the individual receives remuneration for services, regardless of whether the individual is an employee or independent contractor for other purposes.

A prevailing wage is the combination of the basic hourly wage rate and any fringe benefits rate, paid to workers in a specific classification of laborer or mechanic in the area where construction, alteration, or repair is performed, as determined under the **Davis-Bacon Act**, as required contractors and subcontractors on federal contracts.

Prevailing wage rates are found in wage determinations published by the Wage and Hour Division (WHD) of the US Department of Labor (DOL) on **SAM.gov**.

"Prevailing Wage and Apprenticeship Initial Guidance", https://www.federalregister.gov/documents/2022/11/30/2022-26108/prevailing-wage-and-apprenticeship-initial-guidance-under-section-45b6bii-and-other-substantially

Apprenticeship Requirements

A taxpayer complies with the apprenticeship requirements for the Inflation Reduction Act clean energy credits as provided under Code Sec. 45(b)(8) if the following are met:

1) the Apprenticeship Labor Hour Requirements, subject to any applicable Apprenticeship Ratio Requirements;
2) Apprenticeship Participation Requirements; and
3) general recordkeeping requirements are adhered to establish that the Apprenticeship Labor Hour and the Apprenticeship Participation Requirements have been satisfied.

The term "registered apprenticeship program" means an apprenticeship registered under the Act of August 16, 1937 (commonly known as the "National Apprenticeship Act"; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.) that meets the standards of subpart A of part 29 and part 30 of title 29, Code of Federal Regulations

Federal Definitions

Non-Attainment Area

Any area that does not meet (or that contributes to ambient air quality in a nearby area that does not meet) the national primary or secondary ambient air quality standard for a National Ambient Air Quality Standard (NAAQS). The EPA is required to set NAAQS standards in accordance with the Clean Air Act. These standards are updated periodically. The NAAQS table can be found here and an EPA Green Book of data with a map download can be found here. These data have been aggregated into a map viewable here.

Nonattainment Areas for Criteria Pollutants Ozone Designation and Classification Information. Environmental Protection Agency. https://www.epa.gov/green-book/ozone-designation-and-classification-information#:~:text=Nonattainment%3A%20Any%20area%20that%20does,quality%20standard%20for%20a%20NAAQS.

National Ambient Air Quality Standard Table. U.S. Environmental Protection Agency. https://www.epa.gov/criteria-air-pollutants/naaqs-table; Green Boon Map Download. U.S. Environmental Protection Agency. https://www.epa.gov/green-book/green-book-map-download

Direct Pay Mechanism

The IRA establishes a direct pay election that enables certain taxpayers and tax-exempt entities to receive applicable direct payment rather than a credit against federal income tax liabilities. This creates a novel opportunity by creating significant cost savings available to tax-exempt entities via federal investments.

To apply for these credits, an election of the direct pay mechanism must be made during annual tax filing for which the election is made – the amount for which the eligible election is made will be paid to the filing entity. The Internal Revenue Service (IRS) issued a Request for Comment on Elective Payment of Applicable Credits and Transfer of Certain Credits to consider in development of guidance and implementation of these tax credit mechanisms. **Additional guidance is anticipated.**

Internal revenue Bulletin: 2022-42. Internal Revenue Service. https://www.irs.gov/irb/2022-43_IRB#NOT-2022-50
Ibid.

Aligning potential projects with Justice40 can help strengthen grant applications

The current administration has made a commitment to deliver 40 percent of the overall benefits of federal investments in climate and clean energy to disadvantaged communities. Individual projects are not required to comply with this commitment, although federal funding entities will give preference to those that do.

Priorities of the Justice40 initiative include:

1) Decrease energy burden in disadvantaged communities (DACs)
2) Decrease environmental exposure and burdens for DACs
3) Increase parity in clean energy technology access and adoption in DACs
4) Increase clean energy job pipeline and training for individuals in DACs
5) Increase energy resiliency in DACs
6) Increase energy democracy in DACs

Disadvantaged communities exist in all 50 states and can be found at this link: https://screeningtool.geoplatform.gov/en/
Selecting each census tract on that map will display the specific challenges that community faces, which are intended to be remediated through competitive projects.

More info on Justice40: https://www.energy.gov/sites/default/files/2021-12/Justice40%20FAQS%20Deck.pdf

Community Solar Investment Tax Credit Calculation

Description	Merchandise Amt
Environmental Impact Review by TVA	$ 588.06
Environmental Impact Review by TVA	$ 1,274.14
Environmental Impact Review by TVA	$ 264.03
Survey of Solar Panel Array Area	$ 2,959.10
Environmental Impact Review by TVA	$ 305.66
Tree Removal	$ 5,376.00
Environmental Impact Review by TVA	$ 21.00
Site Prep for Solar Panel Array	$ 5,125.00
Tree Removal	$ 2,130.80
Videography & Photography	$ 470.00
Milestone #1 Engineering Drawings Submittal Delivered	$ 69,783.00
Milestone #3 Racking Material Delivered/Received on Site	$ 69,783.00
Milestone #4 Racking Installation Complete	$ 139,566.00
Milestone #2 PV Modules - Verified Delivery to Site	$ 697,830.00
Milestone #5 Module Installation Complete	$ 104,675.00
Milestone #6 Substantial Completion	$ 286,103.00
Milestone #7: Commercial Operation	$ 13,960.00
Milestone #8: Final Completion	$ 13,960.00

FY 21 paid with revenues	10,787.99	0.76%
FY 22 paid with tax-exempt bond proceeds	77,508.80	5.48%
FY 23 paid with revenues	1,325,877.00	93.76%
TOTAL	**1,414,173.79**	

The above project costs for the installation were provided by KUB. KUB is eligible for up to a 30% tax credit for the ITC. However, given the Tax-Exempt Bond Financing rules, 5.48% was reduced from the tax credit amount.

This results in the following calculation for the ITC credit: ($1,414,173.79 * 30%) – $77,508.80 = **$346,743**

Solar Project & Standalone Storage Checklist

Item	Description
Project Size Considerations	Less than 1 MW? • Project is exempt from Apprenticeship & Wage Requirements Less than 5 MW? • Tax basis (for the ITC) can include the interconnection property costs; This includes part of an addition, modification, or upgrade to a transmission or distribution system which is required at or beyond the point at which the energy project interconnects to such transmission or distribution system in order to accommodate such interconnection. • Eligible for potential 10% low-income bonus, if it meets low-income area qualifications Greater than 5 MW? • Cannot claim interconnection property costs in the tax basis (for the ITC) • Is not eligible for low-income bonus (even if it meets the area qualifications) • Given the above limitations on eligible costs and bonuses, the PTC tends to provide more benefit for large installations as these projects can yield higher cash flow through increased production capacity and thus a greater production tax credit.
Project Timing Considerations	This would influence potential credit % amounts. For the PTC, make sure to reference the latest Inflation Adjustment Factor released by the IRS for that year to accurately calculate credits as well as account for any inflation increases in forward projections. In calculation of PTC credits, multiply the base amounts by this inflation factor to ensure you are calculating the right figure. (2022 Inflation Factor Guidance)
Project Financing Considerations (Tax Exempt Debt)	Projects financed with Tax-Exempt debt reduces the direct pay credit to the lesser of (a) 15 percent or (b) the portion of the qualifying project that has been financed with tax-exempt debt. KUB may wish to consider how financing projects with 15 to 100 percent tax-exempt debt affects utility financials, as this will only reduce the direct pay tax credit by a maximum 15 percent.
Project Content & Scope	Consider material and product sourcing that meets the Domestic Content Requirements can receive an additional 10% bonus. To qualify for this bonus (i) 100% of any steel or iron that is a component of the facility must be produced in the United States, and (ii) 40% of manufactured products must be components of a facility produced in the United States.
Prevailing Wage Considerations	(Only for projects greater than 1 MW) KUB to review the Prevailing Wage Requirements & determine its ability to meet them For the ITC and for solar projects over 1MWac where the Prevailing Wage is required to maximize credits, the Requirement holds for resources leveraged in the alteration and repair of the project for five years.
Apprenticeship Considerations	(Only for projects greater than 1 MW) KUB to review the Apprenticeship Requirements & determine its ability to meet them.
Energy Community Considerations	KUB to review the Energy Community definitions & whether the project sits within those definitions.
Low Income Community Considerations (Solar & Wind Projects Only)	(Only applicable to the ITC, but should be used when comparing the ITC vs. PTC) Reference the following map to determine potential project area alignment with defined areas that meet the bonus credit requirements for projects in Low-Income Communities. Prior to formally choosing to deploy the project / altering existing plans to deploy in a designated Low-Income Area, in KUB's ITC vs PTC initial calculations, it should be evaluated if a larger project would have high enough production, where an additional 10% bonus benefit from the ITC would / would not justify altering current planned siting. Note that the Low-Income Tax Credit for Solar & Wind Facilities is separate from the ITC, requiring separate tax forms to claim.
Ownership Considerations	KUB would need to own the system to reap the tax credits from this project.
Credit Calculation	Based on the above, determine whether the ITC or PTC is most beneficial. Note that for standalone storage projects, only the ITC is applicable.