



Inflation Reduction Act: Investment Tax Credit Adder Category 4 LICBC

September 2024

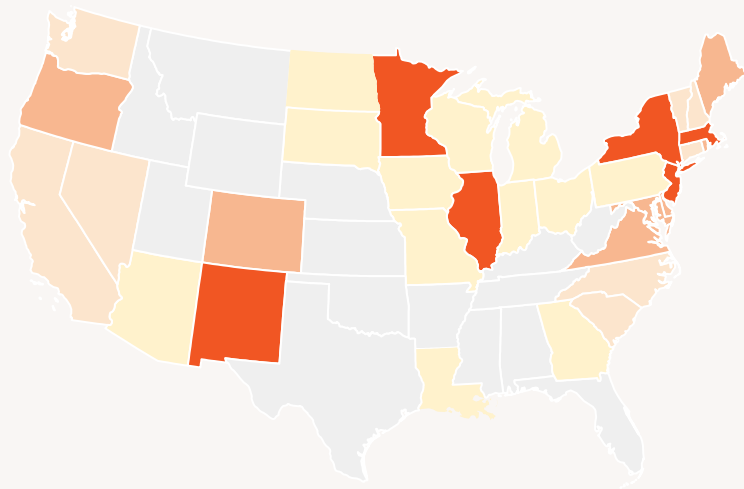


**Solstice is a
Community Solar
subscription
services provider -
mostly involved in
ITC Category 4 -
LICBC**

IRA ITC Adders

- + About Solstice
- + ITC Adders Overview
- + Category 4: Low-Income Community Bonus Credit
- + 2023, 2024 - Impact & Timelines & 2025 NOPR
- + Example Projects & Financial Impacts

Solstice has a National Platform for Community Solar Subscription Management



- + Serving 12,000+ Customers; 50%+ LMI
- + 400+ MW
- + Serving leading IPPs and Developers:



Current Solstice Markets

- + IL (2019)
- + MA (2016)
- + MN (2021)
- + NJ (2023)
- + NM (2024)
- + NY (2017)

Future Solstice Markets

- + CA?
- + CO
- + DE
- + MD
- + MI
- + OH
- + PA
- + WA
- + WI

Active and growing legislated CS markets

Nascent legislated CS markets

Pre-legislated CS markets, pending SFA funding

ITC Adders Overview

- + Total Annual capacity: 1.8 GW
- + Program timeline: 10 years (2023-32)
- + Project cap: 5 MW
- + 2023 → 2032
 - 2023 & 2024: wind & solar
 - 2025: tech-neutral (zero emissions)
- + Additional Selection Criteria
 - Ownership & Geographic
- + 5-year recapture period
- + Category 1: Located in a Low-Income Community (10%)
- + Category 2: Located on Indigenous Land (10%)
- + Category 3: Qualified Low-Income Residential Building Project (20%)
- + **Category 4: Qualified Low-Income Economic Benefit Project (20%)**

Category 4: Qualified Low-Income Economic Benefit Projects

- + Capacity: 700 MW in 2023 & 900 MW in 2024
 - Split between Additional Selection Criteria (ASC) applicants and non-ASC
- + Front-of-the-meter projects are eligible and behind-the-meter projects are eligible if at least 50% of the generation is delivered to the grid
- + Projects have 4 years to be placed in service after receiving a capacity allocation
- + 50% of project capacity must be subscribed by low-income offtakers with a minimum 20% discount on bill credits applied to utility bills
- + Low-income definition: 200% of the Federal Poverty Level (FPL) or 80% Area Median Income (AMI) & qualification methods:
 - Proof of participation in programs with the same or a more stringent income threshold from within the previous 12 months
 - Documentation of income demonstrating eligibility

2023, 2024 LICBC Process & 2025 Potential Changes

2023

- + 700 MW available, 350 in ASC, 350 in general
- + 3000+ MW applied for 350 MW of awards in general
- + 800+ MW applied for 350 MW of ASC
- + Applications took 6+ months to review

2024 to date

- + 900 MW available, 500 in ASC, 400 in general
- + 3200+ MW applied for 400 MW of awards in general
- + 414 MW applied for 500 MW of ASC
- + Applications opened July, as of mid-September, 10 MW allocated according to the program capacity dashboard

2025 NOPR

- + Capacity for all 4 categories to be announced by IRS/Treasury
- + Tech-neutral including many more types of zero-emissions facilities
- + Changes in ASC definition
- + Potential increase in low-income credit discount from 20% to 30%

Example LICBC Projects & \$ Impacts

- + 4+ projects in IL offering 50 and 60% discounts to LMI qualified customers
- + 4+ Projects in NY and MA offering a 20% discount to LMI qualified customers
- + 5+ projects in NM with a 28% discount to LMI qualified customers
- + Treasury award process impacts
 - Delays in project awards forcing project owners to delay energization
 - slipping tax years, impacting tax equity deals
 - causing community solar subscribers to churn due to moving or finding other projects to sign up for, forcing to pay for additional customer acquisition
- + IPPs have been challenged to use tax transferability on projects with ITC stacked bonuses this high due to difficulty getting the full step-up underwritten. For now, they are continuing to use traditional tax equity for these projects

Thank you!

