What clean energy technology is eligible?

The bonus credits can be applied to 'qualified' solar or wind projects or projects that pair storage with solar or wind.

How are the financial benefits of the project distributed?

Projects may be eligible for this 20% adder if at least 50% of the financial benefits of the electricity produced by such facility are provided to low-income households. For the purposes of this adder, low-income is defined as:

- Households with income of less than 200% of the poverty line applicable to a family of the size involved
- Households with income less than 80% of the area median gross income.

Projects must serve multiple households.

What is the project’s anticipated bill discount rate for low-income households?

Projects must provide at least a 20% bill credit discount rate for all low-income households (not to all households).

The bill discount rate can be calculated with this equation:

\[
\text{Bill Discount Rate} = \left( \frac{\text{Value of financial benefits} - \text{Cost of participation}}{\text{Value of financial benefits}} \right) \times 100\%
\]

- Financial benefits, such as utility bill credits, reductions in the household’s electricity rate, or other monetary benefits
- Costs, such as subscription payments, any other fees/charges

Learn more in this bonus credit FAQ resource and this Investment Tax Credit blog post.

How can I claim this bonus credit?

Projects need to apply for a capacity allocation. Projects that apply are not guaranteed to receive the bonus credit. IRS proposed prioritizing applicants that fulfill either/both the ownership criteria (e.g., qualified tax-exempt entity) and geographic criteria. See page 15 of this FAQ resource to learn more.

When can I apply?

Treasury proposes an initial application window in 2023 followed by a rolling application process. Projects need to apply for and receive an allocation before the system is installed and placed in service.

What do I need to apply?

Proof of necessary permits, structural analysis for site suitability (e.g., integrity of roof for solar), and more. See blog post. After a project is placed in service, projects must submit list of households or other entities served with name, address, income status (self-attestation not accepted), among other information.

Can I stack this with other credits?

Yes, this credit can be stacked with:
- 10% credit for 'energy communities'
- 10% credit for domestic manufacturing

The information included in this fact sheet is based on IRS proposed rulemaking (REG-110412-23). IRS will release final guidance later in 2023.

Disclaimer: This guide provides an overview of IRS proposed guidance thus far. It does not constitute professional tax advice nor should it be used as the only source of information when making decisions.