

Impact of Direct Pay: How a Washington Church Installed Resilient Solar+Storage

May 20, 2025

www.cleanegroup.org

Webinar Logistics

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0&A



Affordable, reliable, clean energy for all.



Climate Resilience and Community Health



Distributed Energy Access and Equity 4

Energy Storage and Flexible Demand

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Fossil Fuel Replacement



Resilient Power Project

Building the foundation for energy resilient communities.



www.resilient-power.org



Rooftop solar installation in Dorchester, MA. Credit: Resonant Energy



Technical Assistance Fund

Providing technical support to build local resilience.



www.cleanegroup.org/initiatives/technical-assistance-fund



Solar installation in Puerto Rico. Credit: Solar Responders



CleanEnergyGroup TECHNICALASSISTANCE FUND Providing Support to Build Local Resilience



The Resilient Power Project Impact: 2013 - 2024

\$2 million in Grants Awarded

200 Community Service Partners







www.cleanegroup.org

380 Community Facilities





Resilient Power Leadership Initiative

Building community-based capacity for more energy resilient communities.



www.cleanegroup.org/initiatives/resilient-power-leadership-initiative



Photo Credit: Queen Shabazz, United Parents Against Lead (UPAL)

Webinar Speakers Impact of Direct Pay: How a Washington Church Installed Resilient Solar+Storage





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Project Manager, Clean Energy Group



Eric Walker

Council Chair, Vashon United Methodist Church





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Thank You



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Upcoming Webinars

Long-Duration Energy Storage: A Panel Discussion (June 2)

Solar+Battery Storage Fire Safety Part 1: Residential and Commercial Solar+Storage (June 4)

Resilient Power for North Carolina: Solar+Storage Efforts in the Wake of Hurricane Helene (June 25)

Community Storage: SMUD's Energy StorageShares Program (July 17)

Read more and register at <u>www.cleanegroup.org/webinars</u>

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IMPACT OF DIRECT PAY: HOW A WASHINGTON CHURCH INSTALLED RESILIENT SOLAR+STORAGE

MAY 20, 2025 @ 2:00 PM - 3:00 PM ET



Eric Walker

Church Council Chair Vashon United Methodist Church

Member PNW Conference Environmental Stewardship Commission Where in the world is Vashon United Methodist Church?







Vashon Island

- Population 11,000
- Mostly rural
- No bridge, north & south end ferries

<u>Vashon UMC</u>

- Average worship attendance: 31
- 2024 budget: \$161,805



Washington State has special context. <u>First</u>, it has state controlled \$.



BEACHCOMBER

News Sports Life Business Opinion Letters to the Editor Obituaries Classifieds Marketplace

NEWS

Methodist Church wins a state grant for solar power

All the projects funded will provide clean backup power for critical community needs during power outages.

By Elizabeth Shepherd • October 4, 2023 1:30 am



Solar panels to be installed to power Vashon Methodist Church's sanctuary building will be placed on its one-story education building (right) and on the church's parsonage (Courtesy Photo).

<u>Second</u>, it has lots of hydropower, so carbon footprint gain by going solar is limited, unless...

Washington State Electric Utilities Overview: 2018

Colors indicate utility ownership type



Top 15 Utilities Ranked by Number of Customers



2020: "WA Emissions Rate Detail - 2018 Estimate updated - expanded data Apr 27."

Why did we pursue reducing our carbon footprint?



The Creation Justice Movement is emerging at this *kairos* moment to connect and support groups within the United Methodist Church and beyond for the work of creation care, justice and regeneration.



NET-ZERO GREENHOUSE GAS EMISSIONS (PCH PETITION #15) Annual Conference 2023

BE IT RESOLVED that the Pacific Northwest Annual Conference of The United Meth- odist Church pledges to achieve net-zero emissions by 2040 across ministries, facilities, operations, and investments to leverage the gifts of our connection, putting equity and justice at the center as we build a net-zero emission economy by 2040, <u>and to encourage local churches to pledge to</u> <u>increase the energy efficiency of their church buildings and parsonages by 50% by 2030.</u> What were we trying to accomplish?

From our grant proposal:

This project of Vashon United Methodist Church (VUMC) has two primary objectives:

1) VUMC seeks to make our church building, a centrally located building near Vashon town center, available to vulnerable populations without access to power and services during periods of outages. By providing a heated place with ample room and food preparation facilities, and by coordinating with local service providers during power outages, the project will create a 24/7 supported facility for those in need during those outages.

2) **VUMC seeks to substantially reduce its carbon foot print** by converting the electrical power from pure PSE grid to PSE grid plus solar panel (net metering) with storage battery backup. A greener carbon footprint would accrue to the social service agencies using the space on a regular basis.

What does our project look like?





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		i L Fi

Note: If your solar system is part of the utility grid and does not have storage batteries, your solar panels cannot function when the grid goes down. How did we pay for it?

TOTAL POWER

30,000 WATTS [30KW Solar Panels (82) + 81kWh TESLA POWERWALL+ (6)]

ANNUAL SOLAR ENERGY PRODUCTION

33,089 KWH/YEAR



\$125k bridge loan to cover timing issues - grant reimbursement payments and waiting for Elective Pay process

79,912

119,867

199,779



After almost one year, how are we doing?

From our grant proposal:

This project of Vashon United Methodist Church (VUMC) has two primary objectives:



1) VUMC seeks to make our church building, a centrally located building near Vashon town center, available to vulnerable populations without access to power and services during periods of outages.

2) VUMC seeks to substantially reduce its carbon foot print.

With our partners, we have the beginnings of a "resilience hub", and are working to expand what we offer. A resilience hub is a trusted, community-serving facility that support communities in everyday life and before, during, and after an emergency.

Key components are:

- a trusted, community-serving organization,
- a building, and
- the ability to assist during an emergency.

These organizations help people meet their critical everyday needs by providing resources, services, and information.



Resilience Hub collaborators

CONFERENCE















After almost one year, how are we doing?

From our grant proposal:

This project of Vashon United Methodist Church (VUMC) has two primary objectives:

1) VUMC seeks to make our church building, a centrally located building near Vashon town center, available to vulnerable populations without access to power and services during periods of outages.



2) VUMC seeks to substantially reduce its carbon foot print.



Vashon UMC April Electric Bill

								i age c
Your Electric Charge Details (32 days)	Rate	x Unit		=	Charge	Your Usage Inform	ation	
0 kWh used for service 3/29/2025 - 4/29/2025 Basic Charge Net Electricity	\$10.21	per mon	th	\$	10.21	✓ Electric	Temp	erature] ^{100°} ແ
Electric Energy Charge (3/29/2025 - 3/31/2025) Electric Energy Charge (4/1/2025 - 4/29/2025) Electric Cons. Program Charge Power Cost Adjustment Other Electric Charges & Credits Merger Credit Federal Wind Power Credit	0.144173 0.140973 0.005352 0.002921 0.000000 0.000000	0 kWh 0 kWh 0 kWh 0 kWh 0 kWh 0 kWh			0.00 0.00 0.00 0.00 0.00 0.00	AND AND AND AND 2024	OCT DEC JAN	APR 00 00 00 00 00 00 00 00 00 0
Renewable Energy Credit	0.000000	0 kWh			0.00		Last Year	This Year
Subtotal of Electric Charges					10.21	Average daily kWh	34.69	0.00
Taxes			1			Average daily cost	\$4.68	\$0.32
State Utility Tax (\$0.40 included in above charges)	3.873%			-	10.01	Days in billing cycle	29	32
Current Electric Charges				ې Basic cl	10.21 harge only	Average temperature	51°F	52°F
Your Net Meter Banking Information Net meter prior period bank total Current period bank added End bank total	0 k 1,084 k 1,084 k	Wh S	Bank g	gets added	when kWh	ducted when kWh used returned exceeds kWh u edit is reset to zero kWh	sed. Under the	e terms of
One month's excess generated s (bank resets March 30)	so far							15

System went live in June Page 3 of 3

₁ ^{100°}€







30KW - SIL-500-HM - 81kWh TESLA POWERWALL+

TOTAL POWER

30,000 WATTS

ANNUAL SOLAR ENERGY PRODUCTION

33,089 KWH/YEAR



There are 4 basic steps:



But each one has lots of details.



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ration & Car

Tax Provision

Clean Energy Tax Incentives: Elective Pay Eligible Tax Credits

The Inflation Reduction Act of 2022 ("IRA") makes several clean energy tax credits available to businesses; tax-exempt organizations; state, local, and tribal governments; other entities; and individuals. The IRA also enables entities to take advantage of certain clean energy tax credits through its elective pay provision (also colloquially known as direct pay). Elective pay allows several types of entities, such as tax-exempts and governments, to treat the amount of certain credits as a payment against tax on their tax returns and as a result receive direct payments for certain clean energy tax credits.

Tip #1

Desc

Production Tax Credit for Electricity from Renewables (§ 45, pre-2025)	For production of electricity from eligible renewable small irrigation, landfill and trash, hydropower, marine a Credit Amount (for 2022): 0.55 cents/kilowatt (kW); (1/2 landfill gas, and trash); 2.75 cents/kW if Prevailing Wage	your tax credit category.	olar, nass,		
Clean Electricity Production Tax Credit (§ 45Y, 2025 onwards)	Technology-neutral tax credit for production of clear construction and are placed in service after 2024. Credit Amount: Starts in 2025, consistent with credit ar		1		
Investment Tax Credit for Energy Property (§ 48, pre-2025)	 For investment in renewable energy projects including fuel cell, solar, geothermal, small wind, energy storage, biogas, microgrid controllers, and combined heat and power properties Credit Amount: 6% of qualified investment (basis); 30% if PWA requirements met ^{1,4,5,6,8} 				
Clean Electricity Investment Tax Credit (§ 48E, 2025 onwards)	Technology-neutral tax credit for investment in facili storage technologies. Replaces § 48 for facilities that be Credit Amount: 6% of qualified investment (basis); 30%	egin construction and are placed in service after a			

There are 4 basic steps:



Inflation Reduction Act (IRA) and CHIPS Act of 2022 (CHIPS)

Pre-Filing Registration Tool

User Guide and Instructions

綱IRS

https://www.irs.gov/p ub/irs-pdf/p5884.pdf

Tip #2

Read this User Guide very carefully and follow the instructions verbatim!

Tip #3

Find out if your church has ever filed with the IRS (e.g. Form 990) so that your tax accounting year has been elected.

IRA/CHIPS Pre-Filing Registration Tool User Guide and Instructions

Table of Contents

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Path to Monetizing an IRA/CHIPS Credit with an Elective Payment or a Transfer

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9 9 10 10 10 10 10
9 9 10 10 10
9 9 10 10 10 10 10

Section 48, Energy Credit

Supporting Documents

In general, supporting documents would include brief documents such as:

- · Proof of ownership of the facility/property with respect to which the credit is computed.
- Construction permit showing commencement of construction.
- Permits to operate from utility (only if connected to the grid, or if not connected to the grid electrical permits to operate from an authority having jurisdiction).

— ••		11 A
	р	#4

State tax notices can serve as ownership documents. Find yours.

Keep handy e-copies of permits secured during installation.

King Street Center 201 South Jackson Street, Room 708 Seattle, WA 98104 ACCOUNT NUMBER: 322303-902		THIS IS I	JE NOTICE NOT A TAX BILL	PRESORTED FIRST CLASS MAIL U. S. POSTAGE PAIL SEATTLE, WA PERMIT NO. 213	
LEVY	CODE: 4060)			
17928 V KING C	ASHON HWY SOUNTY 98070	SS:	N 2025	Go paperless - get this EVN Code on this poste Go To: <u>www.kingcounty</u>	card
	APPRAIS	ED VALUE	VALUE AFTER	MAIL DATE: 07/04/24	
	OLD VALUE	NEW VALUE	EXEMPTION	SEE BACK FOR APPE	AL DEADLINE
LAND:	464,300	464,300			
There are 4 basic steps:



What part of the 990-T and forms do we use?

Reporting the Elective Payment Amount

A taxpayer that has taxable income may apply some portion (or all) of the IRA/CHIPS credit(s) earned as a non-refundable business credit. The amount of IRA/CHIPS credits remaining unused (which for tax exempt taxpayers may be the entire credit amount) is reported on the "Elective payment election amount" line on the tax return. For example, the elective payment election lines are found on the following commonly used forms at the lines shown:

- . Form 1120, Schedule J, Part II, line 22,
- Form 1120-S, line 24d,
- Form 1065, line 29,
- Form 990-T, Part III, line 6g.



MIRS

Form 990-T		Exempt Organization Business Income Tax Retur (and proxy tax under section 6033(e))	n	OMB No. 1545-0047	
Department of the Treasury	For cal	andar year 2023 or other tax year beginning, 2023, and ending Go to www.irs.gov/Form990T for instructions and the latest information.	, 20	Open to Public Inspection	
Internal Revenue Service	Do n	t enter SSN numbers on this form as it may be made public if your organization is a 50 Name of organization (Creck box if name changed and see instructions.)		for 501(c)(3) Organizations Only	
A Check box if address changed.	Print			ployer identification number	
B Exempt under section	or Type	Number, street, and room or suite no. If a P.O. box, see instructions.		up exemption number instructions)	
408(e) 220(e) 408A 530(a)	.,,,,,	City or town, state or province, country, and ZIP or foreign postal code		Check box if	
529(a) 529A		value of all assets at end of year		an amended return.	
		6417(d)(1)(A) Applicable entity		· · · ·	
×4		m Credit from Form 8941 Refund shown on Form 2439 Elective pa nization filing a consolidated return with a 501(c)(2) titleholding corporation	yment a	mount from Form 3800	$ \langle$
		thed Schedules A (Form 990-T)		 pup? Yes No	
tax acco	วน	ak out. Hire a qualified ntant/advisor.	r ions) 	1 2 3 4 5 6 7 8 9 10 11	
IVIake s	ur	e their filing software	t on	1	
allows t	the	ese forms to be e-filed.		3	
Attacho	Ь	ndf's will not be			
Allacite	ed pdf's will not be			This is wh	
accepte	ed.				•
				will need credit cat	•

n	3800	General Business Credit	OMB No). 1				
ber			ର୍ଚ	N				
	Department of the Treasury	Go to www.irs.gov/Form3800 for instructions and the latest information		וע				
_	Internal Revenue Service	You must include all pages of Form 3800 with your return.	Attachm Sequend	ce				
	Name(s) shown on return							
	A Corporate Alternative Minimum Tax (CAMT) and Base Erosion Anti-Abuse Tax (BEAT). Are you both (a) an "applic corporation" within the meaning of section 59(k)(1) for the CAMT, and (b) an "applicable taxpayer" within the meaning section 59A(e) for the BEAT? See instructions							
	Part I Current							
≞ ∖	1 Non-passive credits from Part III, line 2: combine column (e) with non-passive amounts from column (g). See instructions							
	2 Passive credits	s from Part III, line 2: combine column (f) with passive amounts See instructions		_				
-	3 Enter the applie	cable passive activity credits allowed for 2023. See instructions	3					
_	•	of general business credit to 2023. See instructions for statement to attach		_				
		t if the carryforward was changed or revised from the original reported amount						
		4, and 5	6	_				
	7 Regular tax be	le Credit		_				
_	r Regular lax be			-				
	[
_	Form 3468	Investment Credit	OMB No. 1545-0155	5				
_	Form JTUU		2023					
-	Department of the Treasury							
	Internal Revenue Service Name(s) shown on return	do to www.na.gov/romotoo for instructions and the latest information.	Attachment Sequence No. 174 Identifying number	<u>'</u>				
	Part I Facility	Information (see instructions)		-				
		x if you have petitioned for provisional emission rates and have also received writte fier or a letter from the IRS						
where you	1 Description of	the facility:		_				
2a IRS-issued registration number for the facility:				-				
ad your tax	b Type of facility (solar, geothermal, etc.): 3 Location of facility, including coordinates (latitude and longitude).							
eu your lax								
category #.	a Address of the	facility (if applicable):		_				
	b Coordinates (if	applicable). Latitude: Longitude: Longitude: Enter a "+" (plus) or "-" (minus) sign in the first box. Enter a "+" (plus)	s) or "-" (minus) sign in the first box.	_				
	4 Date construct	tion began (MM/DD/YYYY):						

There are 4 basic steps:



financing.

Elective Pay pre-registration prepared up to "placed in service date" data field April 2024

Solar + storage system put in service May 2024

Elective Pay pre-registration completed and submitted June 2024

IRS issued Elective Pay Registration # August 2024

Forms e-filed October 2024 (Forms due December 2024)

Check cut December 10, 2024

Vashon UMC's journey through the Elective Pay process.



Inflation Reduction Act for Churches ...Direct Pay is Here...



Staking Up Clean Energy Tax Credit Bonuses

Investment Tax Credit (ITC)

Nonprofits receive a tax incentive for every dollar invested in installing clean energy devices

Low-income Community: 20 % Energy Communities: 10 % Domestic content: 10 % Base credit: 30 %

Tax incentives can cover up to 70% of total project costs Production Tax Credit (PTC)

Nonprofits receive a tax incentive for every kWh generated by the clean energy devices over ten years

Energy Communities: 0.3 kwh Domestic content: 0.3c/kwh

Base credit: 2.75c/kWh

The Power of Relationships

Washington Solar Plus Storage for Resilient Communities Grant Program

Washington State Department of Commerce

Kate Pedersen ENERGY RESILIENCE SPECIALIST

MAY 20, 2025

We strengthen communities



Solar Plus Storage for Resilient Communities Grant and Technical Assistance Programs

Solar Plus Storage for Resilient Communities



- Funded by State Legislatures
 in 2022
- Solar and battery storage in community buildings
- Enhance grid resiliency and provide backup power for critical needs during outages

Grant Program

• Grant types:

- Planning and predevelopment work
- Construction
- \$36.7 million awarded
- 104 projects
- 3.7 MW DC solar
- 17.6 MWh battery capacity



Source: DOE

Technical Assistance

- First of its kind
- 44 communities
 - Serving 18 counties
 - 5 tribes
- 45 solar plus storage feasibility studies
 - Provided at no cost
- Approx. \$70 million in viable projects
- 19 successful grants
 - \$12.2 million in funding awarded
- No longer available in this form



Source: Blue Planet Energy

Available Assistance in Washington

Washington Energy Resilience Technical Assistance Program

- Provides direct technical assistance to communities to find the best energy resilience solution(s) for their community
- Possible outcomes from the technical assistance program
 - Community driven energy resilience plan
 - Sites identified
 - Community engagement
 - Energy systems assessed for best fit
 - Feasibility study determination
 - Funding sources identified
 - Grant applications

Washington Energy Resilience Technical Assistance Program

- Available to Washington communities at no cost
- Eligible communities:
 - Local Government
 - State Agency
 - Tribal Government
 - Tribal Affiliate
 - Non-Profit Organization
 - K-12 Education
 - Higher Education
 - Retail Electric Utility
 - For-Profit Organization



Washington Energy Resilience Technical Assistance Program

- Program began February 2023
- Serving 76 Communities
 - 10 Tribes
 - 16 local governments
 - 84% rural communities
 - 62% communities within or serving vulnerable populations
- Supporting over 80 individual projects
- ~\$88 million in viable projects
 - Supported communities in receiving ~\$30 million in grant funding

Federal Clean Energy Tax Assistance Program (CETCAP)

- Free assistance filing Direct Pay clean energy tax credits
 - Provided by Lawyers for Good Government, in partnership with the Washington Department of Commerce
- Available to organizations located within Washington state
 - Community-based organizations
 - Local government agencies
 - Ports
 - Housing authorities
 - Tribes
 - Others with questions about eligibility and accessing the tax credits
- Organizations or entities serving underrepresented, overburdened, and/or vulnerable communities are prioritized



It's All About Relationships

Random Connection

- Site visit request from county councilmember and county level department head to church
 - Assistance request to Washington Department of Commerce community engagement specialist
 - Information request about project from community engagement specialist to Washington Energy Resilience Technical Assistance Program
 - TA program request to church to participate in Clean Energy Group webinar on Direct Pay
 - Introduction between church and TA program

Ad-hoc Planning/Coordination

- Vashon UMC referred another UMC to S+S4RC program
 - They found TA program
- Two other UMC independently found TA program
 - 1. Solar system for economic savings and GHG reduction
 - 2. S+S system for disaster resilience
- Seven faith-based organizations within TA program

Call to Action

- Now is the time to plan and organize
- Coordinated effort
- Success is easier for those ready to jump when the funding is available
- Resilience hubs need to be in every community

Call to Action

- Approx. 180 United Methodist Churches in Washington
- Churches regularly play a large role in disaster recovery, sheltering, and mass care

What could we accomplish with a statewide coordinated effort?



Source: Google Maps

Non-Washington Specific Resources

- Lawyers for Good Government Direct Pay Legal Assistance
- <u>North Carolina Clean Energy Technology Center: Database of State Incentives for</u> <u>Renewables & Efficiency</u>

Source: Google Maps

Thank you



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360-725-3105



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