



## The *Inflation Reduction Act* of 2022

After several start/stops with its *Build Back Better* legislation in 2021, Congress is once again trying to enact a spending bill that will spur investment in America's energy transition.

While the spending package is not yet final, RISE is here to provide the essential information on how the energy portions of the proposed law will impact your business.

### A Historic Spending Commitment:

The [draft bill](#) contains over \$369 billion dollars in incentives aimed at reducing America's dependence on fossil fuels (and by proxy) its carbon footprint. If passed, this would easily be the largest energy incentive enacted in history. To put it in context, the then historic [2005 Energy Policy Act](#), which led to a [10,000% increase](#) in our country's solar generating capacity, contained a total of \$14 billion dollars in incentives.

### Positive Items for Businesses:

We will continue to track this bill as it evolves. Currently, there are two specific benefits for businesses:

1. **Expansion of Tax Credits:** The type of tax credit vehicle that has spurred the solar industry since 2006 is being expanded to include an array of technologies, including battery storage, heat pumps, clean fuels, green hydrogen, wind, and carbon capture. In short, the government wants it to be good business for you to adopt, upgrade and install one or more of these solutions.
2. **Industrial Manufacturing Grants:** If you are a business that makes steel, cement, aluminum, paper, chemicals, or glass, reducing your carbon footprint is difficult. This bill includes \$6 billion dollars available via Dept. of Energy grants to adopt technologies that reduce carbon emissions. The grant can be up to 50% of the cost of the project and will be evaluated based on the potential carbon emissions reduction.

### What Could be Better:

No piece of government legislation is perfect, and there are a few noteworthy items that could be better in this bill:

1. **Domestic Provisions:** Most of the incentives in this bill require domestic manufacturing and materials, which is good in theory. However, the supply chains required to meet these provisions do not exist at scale and its difficult to envision them coming online quickly.
2. **Transition Incentives:** America's transition to low-carbon energy will not happen quickly. Identifying transition fuels, like natural gas and biodiesel, and incenting a production increase would help combat near term inflation, while long term issues around land use, the clean energy supply chain and project deployment are sorted out.

### What about Electric Vehicles (EVs):

The bill as drafted amends the already existing federal EV incentives (\$7,500 for a new EV and \$4,000 for used) by instituting an income cap. Essentially, taxable entities with income greater than \$150,000 will not be eligible for this incentive.

### For More Information:

If you would like more information or to stay informed as the bill makes its way through Congress, please reach out to:

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