

The Inflation Reduction Act: A Snapshot for Business

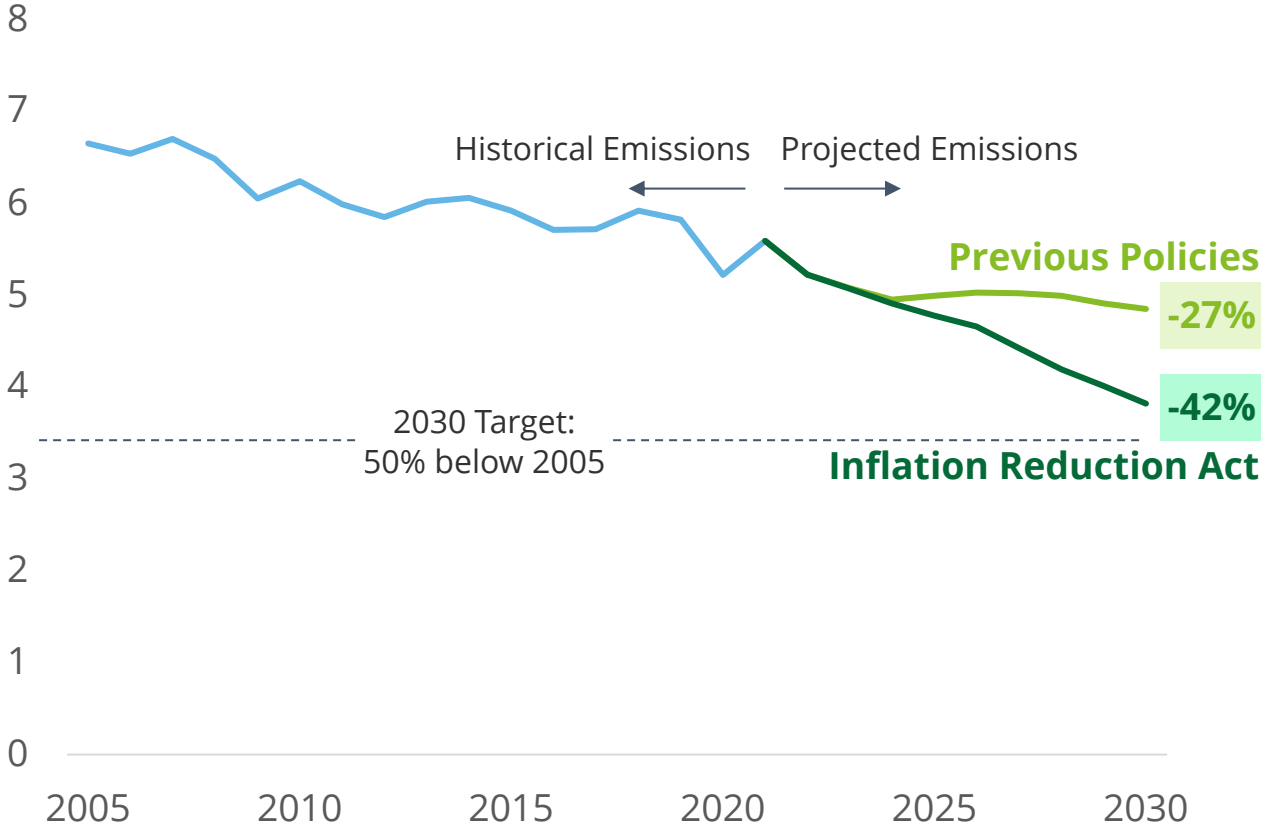
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The Inflation Reduction Act (IRA) positions the US to cut greenhouse gas emissions by up to 42% by 2030, putting the target of 50% below 2005 levels within reach

Net US Greenhouse Gas Emissions

(billions metric tons CO₂-equivalent)



KEY SECTORS FOR ABATEMENT



Power

Acceleration of clean electricity from solar, wind, geothermal, and nuclear



Transportation

Deployment of electric and fuel cell vehicles, commercially and individually



Industry

Industrial efficiency upgrades and carbon capture



Buildings

Electrification and efficiency improvements in commercial and residential buildings



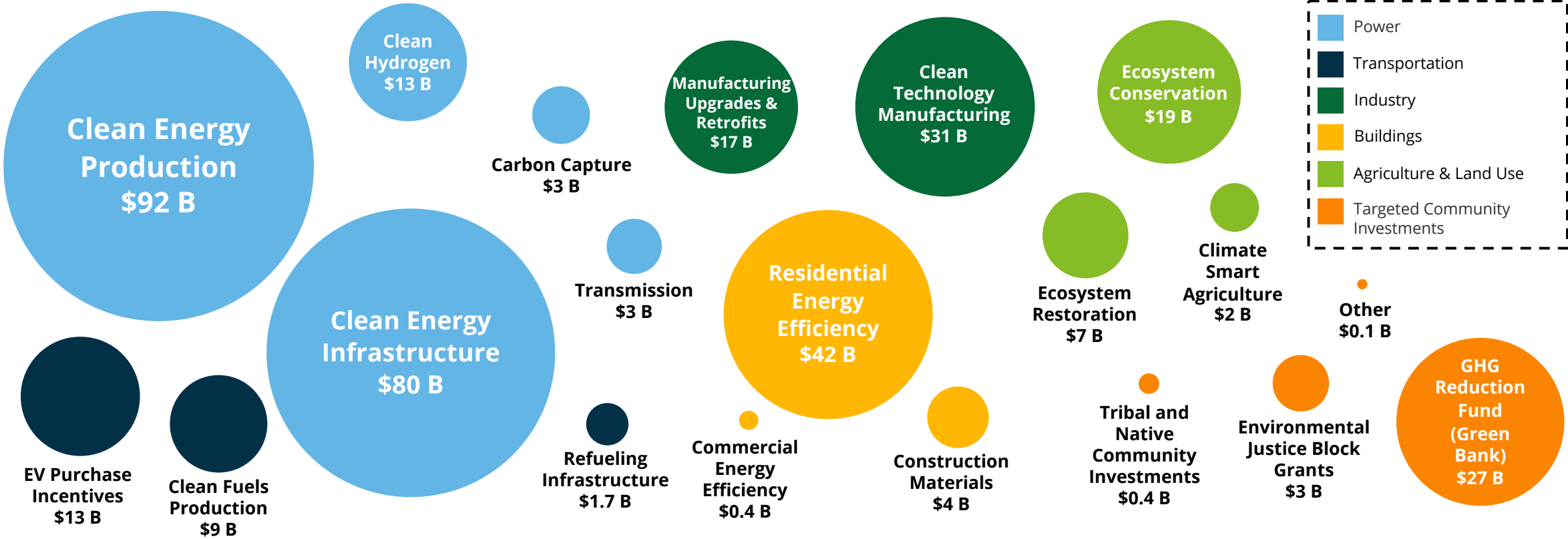
Agriculture & Land Use

Conservation and carbon sequestration in forest and agricultural lands

Sources: [Princeton REPEAT Project](#), [New York Times](#), Deloitte Analysis

With \$369 billion in climate and clean energy investments, the IRA is the largest, most ambitious climate legislation ever passed by Congress

IRA Climate Spend by Category, based on Congressional Budget Office (CBO) Data



The Congressional Budget Office’s estimate of \$369 billion is conservative. Others project over \$800 billion in federal spending and up to \$1.7 trillion in total spending including private-sector investment over the next decade.

Sources: Deloitte Analysis, [CBO](#), [CPC Center](#), [Credit Suisse](#)

Five sectors are likely to benefit most directly from the IRA's climate-related provisions



	POWER	TRANSPORTATION	INDUSTRY	BUILDINGS	AGRICULTURE & LAND USE
SAMPLE RELEVANT PROVISIONS	<ul style="list-style-type: none"> • Sec. 45/45Y: Renewable electricity production credit modification and extension • Sec. 48/48E: Renewable energy investment credit modification and extension 	<ul style="list-style-type: none"> • Sec. 45W: New commercial vehicle credit for electric and fuel cell vehicles • Sec. 30C: Reinstated credit provides 30% tax credit for EV chargers (up to \$100,000) in qualifying areas 	<ul style="list-style-type: none"> • Sec. 45X: Production credit for the manufacture of wind, solar, battery and electroconductive materials • IRA Sec. 50161: Project-based grant funding for upgrading and retrofitting manufacturing plants to reduce emissions 	<ul style="list-style-type: none"> • Sec. 179D: Enhanced deduction for energy efficiency improvements in commercial buildings • Sec. 48/48E: Enhanced investment tax credit continues to support geothermal heat pumps and solar for commercial energy efficiency 	<ul style="list-style-type: none"> • EQIP, ACEP, CSP and RCPP: Additional funding for working lands grant programs that help agricultural producers implement climate-smart agricultural practices • IRA Sec. 22003: Funding for biofuel infrastructure and market expansion
PROJECTED SECTOR IMPACT	<ul style="list-style-type: none"> • Accelerated renewable energy production • Lowest levelized cost of clean electricity in world • Cost competitiveness of green hydrogen with blue • Increased nuclear power production 	<ul style="list-style-type: none"> • Accelerated EV adoption by several years as price parity with ICE approaches • Decreased TCO for electric trucks, likely below that of diesel trucks for most light and medium duty truck usage cycles 	<ul style="list-style-type: none"> • Boost in domestic production of key energy and EV components • Improved economics for carbon capture and DAC • Accelerated timeline for emerging clean tech in hard-to-abate sectors 	<ul style="list-style-type: none"> • Significant expected increase in commercial building EE retrofits • High expected demand for residential demand-side EE products incl. lighting, HVAC, and building envelope 	<ul style="list-style-type: none"> • Advancement of climate-smart and organic farming and conservation practices • Improved climate change adaptation and resilience of agricultural production

Notes: Unless otherwise specified, all references to "Section" are to the Internal Revenue Code of 1986, as amended.

Sources: Deloitte Analysis, [H.R.5376 - Inflation Reduction Act of 2022](#), [Credit Suisse](#), [Goldman Sachs](#)

Producers in key abatement sectors may benefit from IRA credits, incentives, grants, and loans to advance their climate goals



POWER	TRANSPORTATION	INDUSTRY	BUILDINGS	AGRICULTURE & LAND USE
<ul style="list-style-type: none"> • Increase deployment of renewables such as solar and (offshore) wind (Sec. 45/45Y, 48/48E) • Secure additional federal funding from adders for specific labor, location, and sourcing practices (Sec. 45/45Y, 48/48E) • Secure domestic input material suppliers for wind and solar to mitigate supply chain bottlenecks 	<ul style="list-style-type: none"> • Utilize federal funding to accelerate domestic clean vehicle manufacturing, production, and assembly (incl. components) to become eligible for demand side incentives (Sec. 45X) • Offer smart charging as a service to increase EV uptake and generate additional revenue (Sec. 30C) 	<ul style="list-style-type: none"> • Utilize federal funding to expand domestic production of clean technology components to meet increased demand (e.g., solar, wind, battery, EV, hydrogen) (Sec. 45X) • Utilize federal funding to upgrade or retrofit manufacturing facilities to decarbonize and electrify production (IRA Sec. 50161) 	<ul style="list-style-type: none"> • Source from green construction materials such as low carbon cement and steel, leveraging emissions labeling programs (IRA Sec. 60112, 60116) • Integrate smart charging into building design to benefit from enhanced charging credit (Sec. 30C) 	<ul style="list-style-type: none"> • Utilize federal funding to adopt climate-smart farming practices • Increase renewables and electrification for farm operations/vehicles (REAP) • Produce agricultural feedstocks for sustainable biofuels (provided no negative impact on land use) (Sec. 40, Sec. 45Z, IRA Sec. 22003)

Sources: Deloitte Analysis, [H.R.5376 - Inflation Reduction Act of 2022](#)

Buyers of products and services within key abatement sectors may also benefit from IRA provisions to advance their climate goals



POWER	TRANSPORTATION	INDUSTRY	BUILDINGS	AGRICULTURE & LAND USE
<ul style="list-style-type: none"> Shift portfolio of purchased electricity to renewable energy through PPAs, VPPAs, RECs, and/or green tariffs to lower costs and emissions Build decentralized, on-site energy systems that combine solar, wind, and battery storage to decrease price volatility, avoid outages, and sell excess back to grid (bundle Sec. 48/48E) 	<ul style="list-style-type: none"> Electrify commercial fleets, especially light and medium duty trucks to decrease costs and emissions (Sec. 45W) Install charging infrastructure to support EV fleet conversion (Sec. 30C) Convert to biofuels, SAF, and/or fuel cells where electrification is not feasible or viable 	<ul style="list-style-type: none"> Source from domestic, low-emission suppliers to reduce indirect emissions and build supply chain resiliency Consider strategic alliances with suppliers (e.g., joint ventures) to benefit from domestic manufacturing incentives (Sec. 45X) 	<ul style="list-style-type: none"> Improve energy efficiency through HVAC and lighting upgrades, heat pumps, hot water systems, or building envelope upgrades to qualify for up to \$5/sq-ft. deduction or investment tax credit (Sec. 179D, 48/48E for heat pumps) Eliminate on-site fossil fuels and build decentralized, on-site energy systems (bundle Sec. 48/48E) 	<ul style="list-style-type: none"> Source agricultural inputs from suppliers using climate-smart practices, providing financial incentives where possible, to reduce upstream emissions

Sources: Deloitte Analysis, [H.R.5376 - Inflation Reduction Act of 2022](#)

Businesses and community partners can act now to benefit from IRA incentives, many of which took effect in January 2023

HOW CAN I GET STARTED?

- 1 Identify relevant provisions**
 - Learn more about the credits, grants, and loans applicable to your organization
 - Check eligibility criteria such as location and labor requirements
 - Speak with external experts to validate research and fill in knowledge gaps
- 2 Engage stakeholders**
 - Connect with Finance, Procurement, Tax, and Government Relations to gain buy-in and build the business case
 - Participate in Treasury and Executive Agencies' RFIs to drive efficient, effective, and equitable IRA implementation
- 3 Move quickly**
 - Lock in domestic, low-emission suppliers to access IRA credit adders tied to geography, wages, apprenticeship, and more
 - Start preparing now to be able to meet incentive caps for grant programs and capitalize on first mover advantages

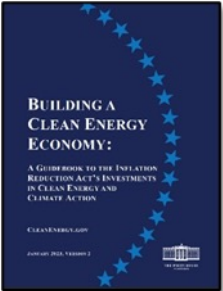
Overview of Timeline for Sample IRA Provisions

Technology/Credit	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Description & Highlights
§45, §48: Production & Investment Credits	Previous legislation extended												The existing PTC/ITC regime will be replaced by technology neutral, emissions-based credits in 2025. The new credits phase out in 2032 or when emissions targets are reached (-75% vs. 2022 levels)
§45Y/§48E: Clean Electricity Production & Investment Tax Credits				IRA provision in effect									
§45X: Advanced Manufacturing Production Credit		IRA provision in effect					IRA provision phase-out						
§45W, §30C: Commercial Clean Vehicle & Alt. Charging Credits		IRA provision in effect											

Sources: Deloitte Analysis, [H.R.5376 - Inflation Reduction Act of 2022](#)

Companies can reference online resources and engage with climate experts for additional support activating the IRA's climate provisions within their organizations

Online IRA Resources



[WH IRA Guidebook](#)

Includes overview, description, and funding details for each IRA funded incentive



[BGA IRA User Guide](#)

Provides overview of IRA incentives by sector and explains funding mechanisms



[IRS Credits and Deductions under the IRA](#)

Resources, forms and descriptions of IRA tax credits and deductions

EDF & Deloitte Contacts



Victoria Mills

Managing Director
Environmental Defense Fund
vmills@edf.org



Shay Eliaz

Head of ESG Strategy & Transformation
Deloitte Consulting
seliaz@deloitte.com



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