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Revisiting Renewable Energy Options

In the landmark Inflation Reduction Act, Congress and the President have revamped federal support for development of renewable energy projects. Under prior law, the tax and other benefits were slowing and steadily being eroded- a detriment to new renewable energy projects. In New York coupling these renewed incentives with strong governmental support for renewable energy projects creates an environment in which local businesses should consider options, including solar, battery and electric vehicle charging installations.

The federal legislation provides for a 30% investment tax credit and accelerated depreciation. The tax credit is an immediate offset to federal income tax liability. When coupled with accelerated depreciation, the overall cost of a renewable energy installation is reduced, shortening the timeline for recouping the cost through the avoidance of the expense associated with continually rising utility pricing for energy needs. The benefits can be large or small but in either case merit consideration for every business that consumes energy. The renewable energy installation will also be exempt from New York sales (in whole or in part) and real property taxes. The tax credit is transferable- not for profit entities can monetize the tax credits.

Numerous options exist for consideration. Direct consumption through roof or carport installation is one option. To the extent production exceeds the needs of an individual user, the excess generation can be applied either through Community Solar programs sponsored by local utilities and NYSERDA or some form of remote crediting of the value of the excess energy purchased by a local utility. Where there is a large areas of unused space where carports can be built without restricting access for parking, the energy created can become a Community Solar hub. Financing options are available through the NY-Sun programs.

Incentives for electric vehicle purchasing (both new and used cars) create a growing demand for EV charging areas. In many instances, municipalities are requiring installation of EV chargers. For example, New York City requires 20% of all new parking to provide for EV charging capability. While many such installation currently do not charge, the capability of installing systems that allow for charging a user exist and are being adopted in some areas. Although the tax credit is not currently available for EV chargers, utilities offer incentives (LIPA incentive is currently \$400.).

Mr. Faltischek is Chair of the Energy Practice Group, a former Trustee of the Long Island Power Authority and regularly advises companies on development of renewable energy projects.

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