



Minnesota Solar Energy Industries Association

We Move Minnesota Solar + Storage Forward

The Inflation Reduction Act “Things To Know” for MN Solar + Storage

Summary: [The Inflation Reduction Act \(IRA\)](#) was signed into law on August 16th, 2022. The IRA has huge benefits for solar and energy storage and will make historic impacts for the Minnesota market; **creating family-sustaining jobs, growing local businesses, bringing investments to the state, and making clean energy more accessible to Minnesotans.**

Investment Tax Credit (ITC): The ITC provides a tax credit to homeowners and developers to encourage solar and has been a critical part of growing the industry in Minnesota. The ITC was set to expire in 2023, but the IRA **increased and extended the ITC until at least 2032**. The credit is also retroactive for all projects after January 1, 2022. The ITC is available for both solar AND standalone energy storage projects.

| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Credit Prior to IRA | 26% | 22% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Credit Under IRA | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 26% | 22% | 0% |

Production Tax Credit (PTC): The PTC is a 2.6¢/kWh credit for electricity produced and sold. The original PTC expired in 2021; but, the IRA has reinstated the PTC until 2024 and—for the first time ever— made the credit available to solar.

Projects must choose between using the ITC or PTC, not both.

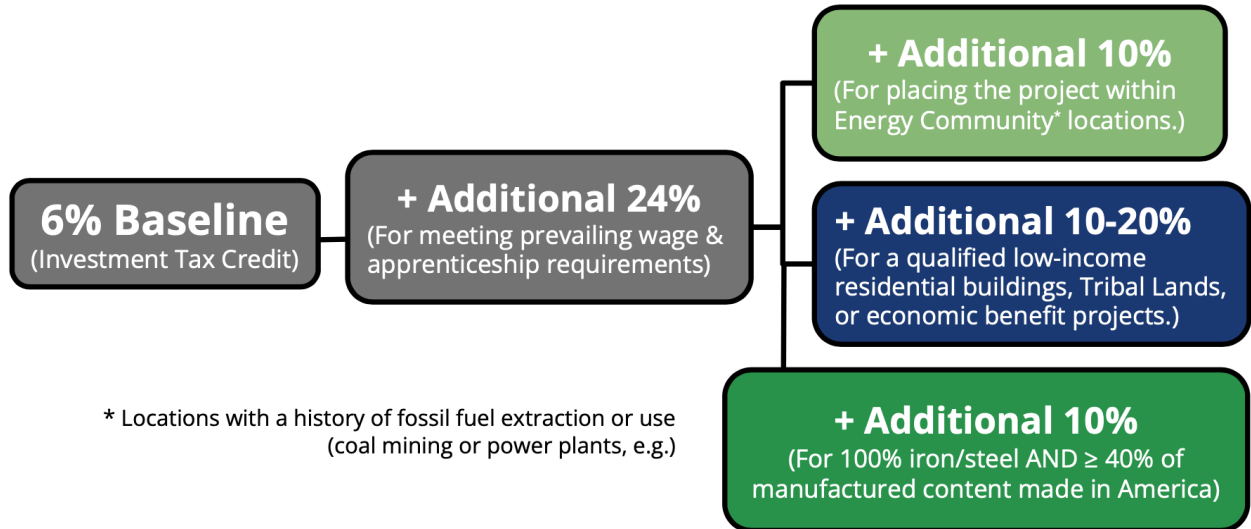
Transferability: The ITC or PTC can now be transferred to another taxpayer in exchange for cash—removing the need for tax equity investors. This will **reduce transaction costs and speed up project timelines**. This applies to projects of all sizes.

Direct Pay: With the IRA, non-profits, munis, and co-ops can now receive direct payments for the ITC or PTC rate for their project. This new direct pay reimbursement structure will **streamline projects and encourage solar development across greater Minnesota**.

Energy Storage: Previously, energy storage projects had to be connected to and charged by a solar project to take advantage of the ITC, but the IRA expands storage eligibility to qualify on its own. This change makes storage accessible to anyone that has previously installed solar without a storage component and now wants to add it, or to anyone who is looking to install storage on its own. **This will encourage growth in the burgeoning Minnesota energy storage industry.**

Additional Incentives for Projects ≥ 1 MW:

Solar projects larger than 1 Megawatt start at a base 6% ITC rate and can increase by meeting different standards (see chart below.) With all the adders, projects could potentially reach a 70% ITC. This will **encourage the hiring of more union workers, building in LMI communities, and using Made in America products.**



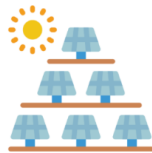
- **Prevailing Wage Requirement:** Updated annually [online](#) by the Secretary of Labor. Determined by geographic area and the type of construction. Currently at least \$15 per hour including fringe benefits (such as PTO, health insurance, etc.)
- **Apprenticeship Requirement:** 12.5% of project hours must be performed by a qualified apprentice. Raises to 15% in 2024. This only applies to businesses with 4+ employees who perform construction, alteration, or repair work on a qualified facility.

Minnesota Solar + Storage Industry:



5,000 jobs

Solar Installer is the fastest growing job in the U.S



1.7 GWs

Of installed solar - Enough to power over 230k homes!



\$2.5 BN

Solar investment in the state



#16 in the U.S

For installed solar capacity