

Federal Treasury 48(e) Low Income ITC Adder

As of August 2023



Since its introduction in 2005, the Investment Tax Credit (ITC) has undergone several changes and extensions. The most recent changes to the ITC were passed in the Inflation Reduction Act (IRA), including:

- Extending the tax credit for 10 years
- Including prevailing wage and apprenticeship requirements to receive the full 30% tax credit
- Allowing standalone storage systems for the first time
- Creating a series of bonus credits to the ITC, including the Low Income Adder

The Low Income Adder applies a maximum of 10% to an eligible facility installed in low-income communities or on Indian land, or a 20% credit for eligible facilities that are part of a qualified low-income residential building or a qualified low-income economic benefit project.

Summary of NineDot's Public Comments

NineDot believes that community storage is the best energy solution suited to provide benefits to low-income communities in urban environments. Community-scale energy storage projects could provide the health, financial, and reliability benefits sought by Congress to communities that lack the space for substantial solar and wind. For example, a 5 MW energy storage project only needs 0.25 acres of land, compared to a 5 MW solar project, which demands 25 acres.

Even though New York State has the nation's leading community energy program, New York City residents have been largely left out. Clean energy projects need to be installed within the same utility territory as subscribers, so there is a lack of opportunity for New York City residents to participate in the many solar farms under development in rural Upstate areas. Standalone storage is the optimal community solution for dense urban environments. By barring standalone energy storage projects from claiming the Low Income Adder, the federal government missed an opportunity to provide benefits to low-income communities in New York City.

Resources

- [NineDot Public Comments](#)
- [Memo on Low Income Adder Guidance](#)
- [Final Regulations](#)

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