


# U.S. Department of the Treasury, IRS Propose New Rules to Drive Clean Energy Investments

November 17, 2023

*Guidance to clarify underlying Investment Tax Credit critical for companies planning clean energy projects*

WASHINGTON — Today, the U.S. Department of the Treasury and Internal Revenue Service (IRS) released [guidance on the Investment Tax Credit](#)  (ITC) under Section 48 of Internal Revenue Code to spur the investment boom ushered in by President Biden’s Inflation Reduction Act. Today’s guidance provides the private sector with additional clarity and certainty in making investment decisions for clean energy projects. Given the new and expanded incentives created by the Inflation Reduction Act, this clarity is critical as companies secure financing for clean energy projects, create good-paying jobs in communities across the United States, and strengthen our nation’s energy security.

“To continue the investment and jobs boom created by the Inflation Reduction Act, Treasury has focused on providing companies with clarity and certainty needed to secure financing and advance clean energy projects nationwide” said Deputy Secretary of the Treasury Wally Adeyemo. “Today’s guidance provides clarity for offshore wind and battery storage projects, as well as small scale projects that need to connect to the grid. Ensuring these projects can move forward efficiently is key to creating good-paying clean energy jobs and lowering Americans’ utility bills.”

“The Inflation Reduction Act has already fueled a clean energy investment boom in America,” said John Podesta, Senior Advisor to the President for Clean Energy Innovation and Implementation. “Today’s guidance from Treasury on the Investment Tax Credit gives clean energy developers even more clarity and confidence to continue their momentum.”

The Notice of Proposed Rulemaking (NPRM) provides clarity around the eligibility of power conditioning and transfer equipment like subsea export cables used in offshore wind projects, as well as certain power conditioning equipment located in onshore substations.

The NPRM also includes proposed rules around the eligibility of standalone battery storage for the ITC. This reflects a critical provision in the Inflation Reduction Act to help support the

development of utility-scale, long-duration energy storage, which is vital to ensuring reliability as utilities transition to renewable sources like wind and solar.

Additionally, the NPRM includes proposed rules around the inclusion of costs of interconnection-related property for lower-output clean energy installations, including the costs of upgrades to local transmission and distribution networks that are necessary to connect the clean energy. These modifications reflect another critical change in the Inflation Reduction Act, with the goal of reducing the costs and avoiding delays for new, smaller clean energy installations to connect to the grid and start producing power.


Lastly, the NPRM proposes updates to a range of other technical definitions and rules that will further support clarity and certainty for clean energy project developers.

Treasury and the IRS will accept comments on the NPRM for 60 days and will carefully consider all comments as part of the rulemaking process.

For a full list of the Treasury Department's work to implement the Inflation Reduction Act, see below:

[August 16, 2022: Treasury Releases Initial Information on Electric Vehicle Tax Credit Under Newly Enacted Inflation Reduction Act](#)

[October 5, 2022: Treasury Seeks Public Input on Implementing the Inflation Reduction Act's Clean Energy Tax Incentives](#)

[FACT SHEET: Treasury, IRS Open Public Comment on Implementing the Inflation Reduction Act's Clean Energy Tax Incentives](#) 

[October 26, 2022: READOUT: Stakeholder Roundtable on Clean Power Generation and the Inflation Reduction Act](#)

[October 27, 2022: READOUT: Stakeholder Roundtable on Climate Impact, Equity, and the Inflation Reduction Act](#)

[FACT SHEET: Four ways the Inflation Reduction Act's Tax Incentives Will Support Building an Equitable Clean Energy Economy](#) 

[October 31, 2022: READOUT: Stakeholder Roundtable on Investor Perspectives on Climate Change, Clean Energy, and the Inflation Reduction Act](#)

[November 3, 2022: Treasury Seeks Public Input on Additional Clean Energy Tax Provisions of the Inflation Reduction Act](#)

November 4, 2022: READOUT: Stakeholder Roundtable on Clean Vehicles and the Inflation Reduction Act

November 29, 2022: Treasury Announces Guidance on Inflation Reduction Act's Strong Labor Protections

December 12, 2022: Treasury and IRS set out procedures for manufacturers, sellers of clean vehicles

December 19, 2022: Treasury, IRS issue guidance on new Sustainable Aviation Fuel Credit

December 22, 2022: IRS releases frequently asked questions about energy efficient home improvements and residential clean energy property credits

January 17, 2023: Remarks by Deputy Secretary of the Treasury Wally Adeyemo at White House event "Lowering Costs: Inflation Reduction Act Briefing"

January 29, 2023: Statement from Deputy Secretary of the Treasury Wally Adeyemo on Implementation of Strong Inflation Reduction Act Worker Protections

February 3, 2023: Treasury Updates Vehicle Classification Standard for Clean Vehicle Tax Credits Under Inflation Reduction Act

February 13, 2023: Treasury, Energy Release Guidance on Inflation Reduction Act Programs to Incentivize Investments in Underserved Communities, Hard-Hit Coal Communities

March 22, 2023: Remarks by Assistant Secretary for Tax Policy Lily Batchelder on Implementation of the Inflation Reduction Act's Clean Energy Provisions

March 31, 2023: Treasury Releases Proposed Guidance on New Clean Vehicle Credit to Lower Costs for Consumers, Build U.S. Industrial Base, Strengthen Supply Chains

April 4, 2023: Treasury Releases Guidance to Drive Investment to Coal Communities

April 14, 2023: READOUT: Treasury Convenes Roundtable Discussion on Inflation Reduction Act Incentives for Underserved Communities

April 27, 2023: READOUT: Treasury Department Convenes Roundtable Discussion on Inflation Reduction Act Incentives for Underserved Communities

May 12, 2023: Treasury Department Releases Guidance to Boost American Clean Energy Manufacturing

May 31, 2023: U.S. Departments of Treasury and Energy Release Additional Guidance on Inflation Reduction Act Programs to Incentivize Manufacturing and Clean Energy Investments in Hard-Hit Coal Communities

June 14, 2023: U.S. Department of the Treasury, IRS Release Guidance on Provisions to Expand Reach of Clean Energy Tax Credits Through President Biden's Investing in America Agenda

June 15, 2023: U.S. Department of the Treasury, IRS Release Updated Guidance to Drive Additional Investment to Energy Communities

August 4, 2023: Home energy audits may qualify for an Energy Efficient Home Improvement Credit

August 7, 2023: IRS: Builders of qualified new energy efficient homes might qualify for an expanded tax credit under Section 45L

August 10, 2023: U.S. Department of the Treasury, IRS Release Final Rules and Guidance on Investing in America Program to Spur Clean Energy Investments in Underserved Communities

August 29, 2023: U.S. Department of the Treasury, IRS Release Guidance on Inflation Reduction Act Provision to Ensure Good-Paying Clean Energy Jobs, Expand Clean Energy Workforce

September 27, 2023: U.S. Department of the Treasury, U.S. Department of Energy, IRS Announce Date for Opening of Applications for Investing in America Program to Spur Clean Energy Investments in Underserved Communities

September 27, 2023: U.S. Department of the Treasury, IRS Release Guidance to Lower Americans Utility Bills, Increase Energy Efficiency of Homes

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