

# IRA Incentive Programs Make Solar Possible for Non-Profit Organizations

George Harvey

## BACKGROUND HISTORY FOR NON-PROFIT SOLAR INCENTIVES

The Energy Policy Act of 2005 created a 30% investment tax credit (ITC) of up to \$2,000 for solar commercial and residential solar energy systems. It became active on January 1, 2006, and it lasted for one year, after which it was renewed. With it, a portion of the cost of a solar installation could be credited to taxes due, a real help to any person or business that might want to rely more on renewable energy and had a way to get it installed.

The hitch in the ITC was that it had to reduce a tax. If a person or organization did not pay taxes, then it had nothing the ITC could reduce. That meant that churches, non-profit hospitals, schools, and municipalities were among the organizations that might want solar power and still not be able to afford it.

After the ITC came into being, people found ways to give its benefits to the various organizations that could not otherwise benefit from it. There were a number of ways developed to do this. Most of them involved an investor paying for installation of a solar system at a recipient church, school, municipal location, or other non-profit, and owning the system for a period of years in which taxes were reduced. During that period, the investor owned the array. The electricity the system produced would be credited to the recipient, decreasing the cost of electricity. At the end of the period of ownership, the investor would get no more credit, the solar system could be transferred to the recipient non-profit, usually at a nominal fee.

Anyone who thinks that sounds complicated might be right on.

On the other hand, the system can be expressed very simply by just following the money. For example, if members of a church want to reduce both its carbon footprint and the cost of its electricity, an investor can get a solar array installed, at no upfront cost to the church. In fact the church does not have to be involved,



St. Andrew's Church located in New London, New Hampshire reduced their electricity costs by 46% with their 18-kilowatt rooftop solar array. (Larry Chase)

aside from signing a contract. The investor owns the array until the investment tax credit has run out, possibly for seven years. In our example, the array is transferred to the church for the cost of the transfer. After that, the church gets free electricity until the array is worn out, and nobody really knows how long that will be – a solar array can last for a long time after its warranty runs out.

So it really wasn't bad, it was just a little complicated and made a little money for the investor. But it really was not necessary – it only existed due to the government deciding that a tax credit was the best way to do things.

## THE INFLATION REDUCTION ACT OF 2022 SIMPLIFIES THE PROCESS

With the Inflation Reduction Act (IRA) of 2022, things changed to make them almost exquisitely simple. The IRA actu-

ally was intended to reduce inflation, a fact that many people forget, and it seems to have done quite a good job at that. Other things it was intended to do included lowering the costs of medicines and increasing the production of American energy products, but the thing we are interested in is promoting clean energy.

The IRA makes it possible for non-profits and local governments to get direct payments of amounts that are similar to the investment tax credits they had been getting indirectly in the past. This is a much more understandable system that does not require the complicated financial systems that had been in use.

## ST. ANDREW'S EPISCOPAL CHURCH IS AN EXAMPLE FOR THE USE OF THE IRA PROGRAM

ReVision Energy, a solar installer in Maine, New Hampshire, and Massachusetts, has a simple explanation of the benefits. First, the IRA offers a non-profit full access to the solar credits. Second, the IRA's savings are extended through net metering and renewable energy credits, which is a benefit of the community. Third, the result of the installation is that the non-profit is no longer entirely at the mercy of the cost of grid electricity, with the cost savings that can be as high as 50% to 75%. We should mention that the maximum amount of the credit is 30% of the cost of the system, and there are certain criteria that must be met.

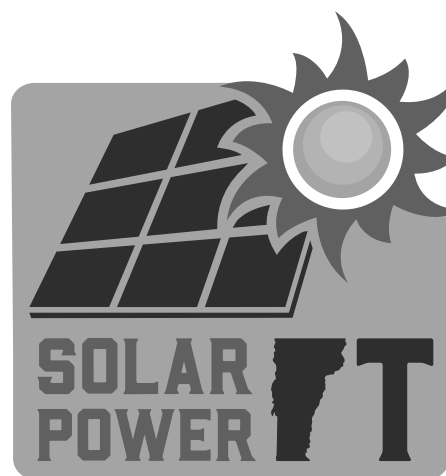
ReVision Energy did an installation at St. Andrew's Episcopal Church in New London, New Hampshire, which can serve as an example. ReVision started installation of the 18-kilowatt rooftop array on a Monday and finished it in four days. So members of the congregation went home after church on Sunday with no solar system, and the next Sunday, arrived to see it was fully installed. Father Jay commented, "We anticipate our energy costs will be reduced by 46%, and our carbon footprint will be significantly reduced."

Read more about ReVision Energy's work at [https://bit.ly/St\\_Andrews\\_solar](https://bit.ly/St_Andrews_solar).



ReVision Energy's crew installing solar on St. Andrew's Church roof. (Courtesy image)

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