

# EVs and the IRA

October 2022



Electrification  
Coalition

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The **Electrification Coalition** is a nonpartisan, nonprofit organization dedicated to driving the policies and actions that will electrify all modes of transportation to protect economic and national security, public health, and American jobs.



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Coalition

# EV Adoption Programs Around the U.S.



## Technical Lead

Climate Mayors EV Purchasing Collaborative



## State EV Policy Accelerator

NV, MI, PA, VA, NC, GA, FL, IL and more



## Electrification Advisor

Bloomberg American Cities Climate Challenge



## Lead Electrification Partner

Smart Columbus



## Project Lead

Drive Electric Northern Colorado  
Drive Electric Orlando



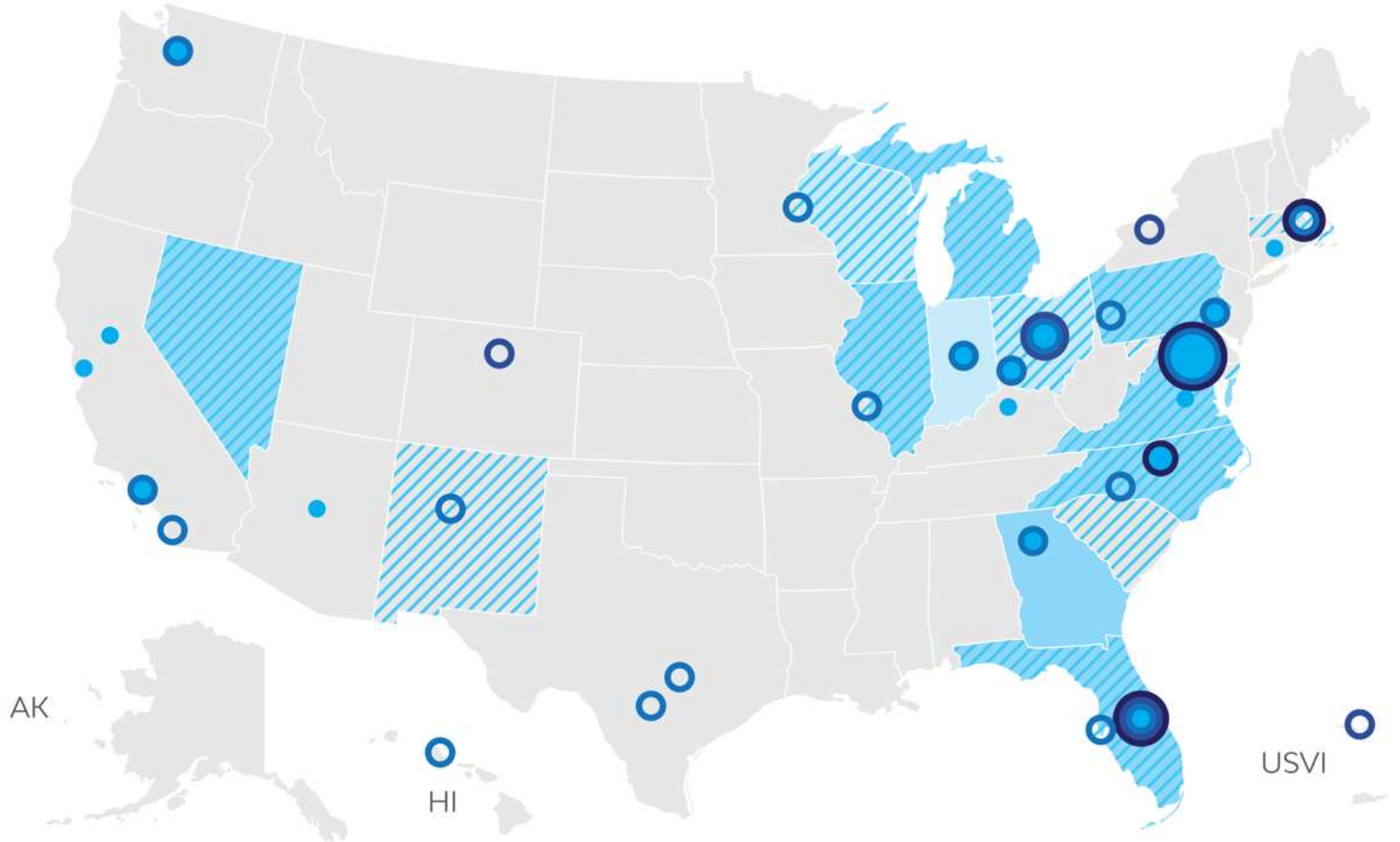
## Pilot Program Leader

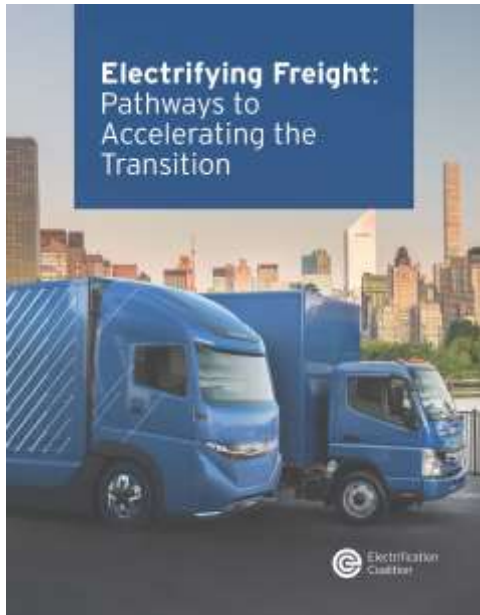
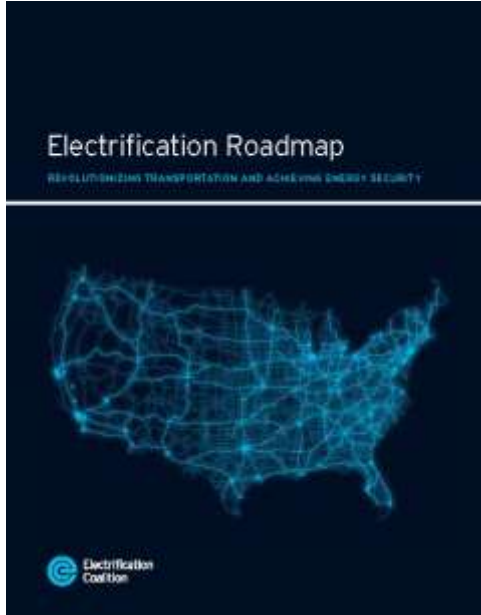
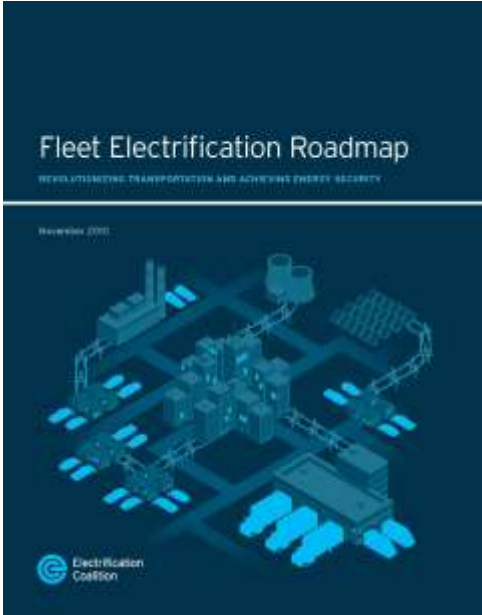
Freight and Goods Delivery Electrification

# The EC National Presence

- EC Staff Locations
- Priority States
- Tier 2 States
- ▨ State Fleet Cohorts
- Priority Cities
- Smart / Accelerator Cities
- Roadmap Cities

\*Does not include national programs like the Climate Mayors EV Purchasing Collaborative that works with more than 400 public fleets across America.





Explore more resources at [www.electrificationcoalition.org](http://www.electrificationcoalition.org)

# Electrification Coalition Business Council

The United States' transition to an electrified transportation future isn't a question of if – it's when. ECBC creates a strategic alliance that can supercharge support for the policies and actions needed to accelerate transportation electrification at a mass scale.





# Inflation Reduction Act

- Signed into law August 16, 2022
- \$370 billion total Climate and Energy Investment
- Key policies to accelerate EV adoption
- **The EC's new webpage on IRA:** <https://www.electrificationcoalition.org/inflation-reduction-act/>
  - SAFE/EC IRA August 16th Webinar Recording
  - Factsheet on Tax Credits
  - FAQ's





# IRA Addresses EC Key Policy Priorities

1. Purchase Incentives
2. Infrastructure Availability
3. Manufacturing & Supply Chain
4. Funding to Electrify the Federal Fleet
5. Grid Resiliency and Grid Security



# Purchase Incentives

1. Section 30D
2. Section 45W
3. Section 25E
4. Clean HD program
5. Neighborhood Access and Equity Grant program
6. Environment and Climate Justice Block grants
7. DERA
8. GHG Reduction Program

# Purchase Incentives: 30D tax credit

- \$7500 max credit
- MSRP caps: \$80,000 for SUVs/Trucks/Vans, \$55,000 for sedans
- Income caps based on modified AGI; \$300,000 joint return, \$225,000 head of household, \$150,000 filing single
- Final assembly: immediately
- Long-term extension of the credit until Dec. 31, 2032.
- Transferability as of Jan. 1, 2024
- Excludes “Foreign Entities of Concern”: In 2024, no battery components manufactured or assembled can come from FEC, in 2025, no minerals extracted, processed, or recycled can come from FEC
- Sourcing Provisions:
  - **Part for critical minerals:** at least 40% of the value of any extracted or processed critical minerals in the battery must come from the U.S. or a free trade agreement country, or recycled in North America. That requirement goes up by 10% until it reaches 80% after 2026.
  - **Part for battery components:** Starting immediately, at least 50% of the value of the manufactured or assembled battery must be from North America. 2024+2025=60%, 2026=70% up through to 100% by 2028.

# EVs Assembled in North America

<https://afdc.energy.gov/laws/electric-vehicles-for-tax-credit>

Model Year	Vehicle	Note
2022	Audi Q5	
2022	BMW 330e	
2022	BMW X5	
2022	Chevrolet Bolt EUV	<b>Manufacturer sales cap met</b>
2022	Chevrolet Bolt EV	<b>Manufacturer sales cap met</b>
2022	Chrysler Pacifica PHEV	
2022	Ford Escape PHEV	
2022	Ford F Series	
2022	Ford Mustang MACH E	
2022	Ford Transit Van	
2022	GMC Hummer Pickup	<b>Manufacturer sales cap met</b>
2022	GMC Hummer SUV	<b>Manufacturer sales cap met</b>
2022	Jeep Grand Cherokee PHEV	
2022	Jeep Wrangler PHEV	
2022	Lincoln Aviator PHEV	
2022	Lincoln Corsair Plug-in	
2022	Lucid Air	

Model Year	Vehicle	Note
2022	Nissan Leaf	
2022	Rivian EDV	
2022	Rivian R1S	
2022	Rivian R1T	
2022	Tesla Model 3	<b>Manufacturer sales cap met</b>
2022	Tesla Model S	<b>Manufacturer sales cap met</b>
2022	Tesla Model X	<b>Manufacturer sales cap met</b>
2022	Tesla Model Y	<b>Manufacturer sales cap met</b>
2022		
2023	BMW 330e	
2023	Bolt EV	<b>Manufacturer sales cap met</b>
2023	Cadillac Lyriq	<b>Manufacturer sales cap met</b>
2023	Jeep Grand Cherokee PHEV	
2023	Jeep Wrangler PHEV	
2023	Lincoln Aviator PHEV	
2023	Mercedes EQS SUV	
2023	Nissan Leaf	

# Purchase Incentives: 45W tax credit

- The credit is the lesser of 30% of the basis of a vehicle not powered by a gasoline or diesel ICE, or (2) the incremental cost of such vehicle (i.e., the excess of the purchase price of such vehicle over the price of a comparable vehicle).
- Credit is not more than \$7,500 for vehicles <14,000 pounds, and not more than \$40k for vehicles >14,000 pounds
- No final assembly in North America requirement, no minerals or battery component requirements
- Long-term extension to December 31, 2032.
- Section 6417 states that tax-exempt entities can receive direct pay and references section 45W



# Purchase Incentives: 25E tax credit

- Tax credit of \$4k or 30% of the sale price
- Max price of less than \$25k sale, through a dealer, and only the first time previously owned (i.e. you can't keep selling and getting this credit)
- Income caps based on modified AGI
- The transfer of the credit (point of sale) can happen after Dec. 31, 2023.
- Credit ends December 31, 2032.
- No final assembly or minerals or battery sourcing provisions.

# Purchase Incentives: others

1. Clean HD program: \$1 billion for the replacement of Class 6, 7 vehicles; \$400 million of that in non-attainment areas; for vehicles, EVSE, workforce development, technical assistance
2. Neighborhood Access and Equity Grant program: \$3 billion total; \$1.262 billion set aside for economically disadvantaged communities until Sept. 30, 2026 to support technologies, infrastructure, and activities to reduce surface transportation-related air pollution, including greenhouse gas emissions
3. Environmental and Climate Justice Block grants: \$2.8 billion until Sept. 30, 2026; extra \$200 million available in technical assistance until Sept. 30, 2026; grants can be used for investments in low- and zero-emission and resilient technologies and related infrastructure and workforce AND for facilitating engagement of disadvantaged communities in State and Federal public processes, including facilitating such engagement in advisory groups, workshops, and rulemakings
4. Diesel Emissions Reductions (DERA): \$60 million to identify and reduce diesel emissions resulting from goods movement facilities, and vehicles servicing goods movement facilities, in low-income and disadvantaged communities to address the health impacts of such emissions on such communities
5. GHG Reduction Program: \$27 billion, of which \$8 billion available until Sept. 30, 2024 for grants in low-income and disadvantaged communities for ZE “technology”





# Infrastructure Availability

1. Section 30C
2. Clean HD program
3. Neighborhood Access and Equity Grant program
4. Environment and Climate Justice Block grants
5. GHG Reduction Program



# Infrastructure Availability: 30C tax credit

- Long-term extension to Dec. 31, 2032.
- For commercial uses (i.e., depreciable property), the tax credit is 6% and the cap is increased to \$100,000 per unit. Projects that satisfy the wage/apprenticeship requirements receive a 5x multiplier, increasing the value to 30%.
- For individual/residential uses (i.e., Non-depreciable property), the tax credit rate remains unchanged at 30%. Cap of \$1,000.
- Bidirectional charging is eligible.
- Requires the property to be placed in a low-income community, or in a non-urban area. Low-income communities include population census tract where (a) the poverty rate is at least 20 percent or (b) for a tract outside a metropolitan area, the median family income does not exceed 80 percent of statewide median family income, or for a tract within a metropolitan area, the median family income does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.  
\*\*No more “urbanized cluster” and “urbanized areas” with new census definitions Dec. 2022.
- Limited direct pay and transferability.

# Manufacturing & Supply Chain

## **1. Advanced Technology Vehicle Manufacturing (ATVM)**

- \$3 billion for loans for reequipping, expanding, or establishing a manufacturing facility in the U.S.

## **2. Advanced Manufacturing Production Credit – 45X**

- Specific amounts for battery and minerals production

## **3. Domestic Manufacturing Conversion grant program**

- \$2 billion for grants; 50% cost share match

## **4. Extension of Advanced Energy Project Credit – 48C**

- \$10 billion, prevailing wage applies, new language for EVs, EVSE, minerals processing

# Funding to Electrify Federal Fleet

- \$3 billion available until Sept. 30, 2031
- \$1.29 billion for the vehicles
- \$1.71 billion for infrastructure



# Grid Resiliency and Grid Security

## 1. Resiliency: \$9.7 billion

- Section 22004- USDA Assistance for Rural Electric Coops; until September 30, 2031, for the long-term resiliency, reliability, and affordability of rural electric systems...and for zero emission systems; financial assistance including loans.

## 2. Transmission: \$2.9 billion

- \$2 billion in loans to DOE for new and upgraded transmission lines that are part of national corridors
- \$760 million for the siting of interstate transmission lines. The intent is to help expedite the siting of high-voltage transmission lines.
- \$100 million for the analysis on transmission development for offshore wind.



# What next?

- **Fix:** *Remedy known shortcomings in these bills that could impair their implementation and impact.*
- **Defend:** *Prevent the gains achieved through these bills from being eroded or reversed in the future.*
- **Implement:** *Aggressively engage to ensure that money and authorities are used wisely to achieve their intended goals.*



# What next?

- <https://home.treasury.gov/news/press-releases/jy0993>
- IRS RFI due Nov. 4th – 6 different notices to comment on
- IRS to be guided by 3 core principles:
  1. **Robust Public Engagement:** Treasury will engage a broad spectrum of taxpayers and stakeholders to inform guidance and rulemaking. Over the coming weeks, Treasury will be convening several initial stakeholder roundtables to hear directly from a wide range of voices.
  2. **Clarity and Certainty:** Treasury will work expeditiously to provide clarity and certainty to taxpayers, so the climate and economic benefits of this historic legislation can be felt as quickly as possible.
  3. **Sound Stewardship:** Treasury will work closely with the IRS to put in place effective guardrails and reporting to ensure the benefits are delivered as Congress intended.

# Thank you!

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