



L4GG Guidance Brief:

Overview of Bonus Incentives for ITC/PTC Projects (Wind/Solar/Geothermal)

There are four bonus incentives (or “adders”) that can add or subtract from the total credit amount:

1. Domestic Content - Can be a (+) (add 10%) or a (-) (“haircut” if not met starts in 2024)
2. Prevailing Wage and Apprenticeship (PWA) Requirements - Can reduce base elective pay from 30% to 6%
3. Energy Communities - Can add 10%
4. Low Income Communities Bonus (LICB) - Can add 10-20% – apply BEFORE project

Some incentives depend on the “start of construction,” which is defined as:

- When entity pays or incurs $\geq 5\%$ of the total facility cost
- When “significant work” has started – the start of physical work

1. Domestic Content: a.k.a. “Buy America” – potential to add OR subtract

- **Two Requirements:**

- Part 1: Iron and Steel: 100% must be produced in the U.S. - Structural in function
- Part 2: Manufactured Product (applicable share):
 - 40% of total cost of all “manufactured products” must be produced in

the United States

- Increases over 3 years to 55%
- Offshore wind - starts at 2

Current as of July 12, 2024

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- **If you comply:** Adds **10%** to the base 30%
- **If you don't: Domestic Content Haircut starts in 2024 for non-compliant projects over 1 MW**
 - Start of construction in 2024: Only 90% (of 30% total)
 - Start of construction in 2025: Only 85% (of 30% total)
 - Start of construction in 2026: NO DIRECT PAY if you don't comply with DC requirements!

2. Prevailing Wage and Apprenticeship (PWA) Requirements: can reduce base elective pay credit from 30% to 6%

- Does not apply to ITC/PTC projects **under 1MW**
- Does not apply to projects that started construction **before** January 29, 2023
- Please see our [Guidance Brief on PWA Best Practices](#) for extensive detail

3. Energy Communities: can add 10%

- **ITC/PTC projects located in “energy communities”** are eligible. IRS defines energy communities as:
 - A “brownfield site”
 - Area employed by coal, oil, or natural gas and unemployment rate above national average, or
 - A census tract in which coal mine closed after 1999 or coal-fired power pla has been retired after 20
- Use the [DOE Bonus Mapper](#) to confirm eligibility for Energy Communities, J40, LICB
- Use the [EnergyCommunities.gov](#) FAQs to confirm eligibility **including brownfields**
- **If you comply:**
 - ADDs **10% increase** to the **PTC**
 - ADDs **10 percentage point increase** to the **ITC**

- **How Do I Comply?**

- If it applies (ITC/PTC) and you're within an Energy Community, you comply

Current as of July 12, 2024
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4. Low Income Communities Bonus (LICB) - Can add 10-20% – apply

BEFORE project

- **Unlike other incentives: must APPLY BEFORE the project is placed in service**, and funds are awarded out of a limited pool
- **Only** available for solar and wind projects **under 5MW**
- Please see our [Fact Sheet on the LICB](#) for extensive detail

