Informational Applicant Webinar:
Low-Income Communities Bonus Credit Program §48(e)

Office of Economic Impact and Diversity
September 29, 2023
Welcome!

This webinar is being recorded and will be published on the DOE’s Low-Income Communities Bonus Credit Program website:

www.energy.gov/diversity/low-income-communities-bonus-credit-program
Webinar Presenters

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Disclaimer

• Today's webinar provides an overview of the implementation of the Low-Income Communities Bonus Credit Program. It is not a substitute for official IRS guidance on the Low-Income Communities Bonus Credit Program. This webinar will not cover all requirements of the Program, and as such participants should refer to the official IRS information on eligibility requirements and the application process.

• The information provided in this webinar should not be considered tax advice or tax filing support. Please consult a tax professional, accountant, or attorney if you need tax-related assistance.
Today’s Agenda

1. Program Overview
2. Application Selection Process
3. Application Process Overview
4. Program Resources
5. 2023 Program Year Timeline
2023 Low-Income Communities Bonus Credit Program

- **August 10, 2023**: Program Final Regulations and Revenue Procedure for 2023 Program Released
- **September 27, 2023**: Announcement of Application Openings
- **October 19, 2023 through Early 2024**: 2023 Program Open for Applications
- **Q2 2024**: 2024 Program Opens
Highlights of Final Regulations and Revenue Procedure

• Definitions
  • Definition of Facility
  • Energy Storage Technology Installed in Connection with Solar or Wind Facility
  • Financial Benefits for Category 3 and Category 4 Allocations
  • “Located in”

• Program Requirements and Structure
  • Project Placed in Service After Allocation Award
  • Selection Process
  • Additional Selection Criteria
    • Ownership Criteria
    • Geographic Criteria
  • Capacity for Residential Behind the Meter Facilities Located in a Low-Income Community
  • Application Materials
  • Documentation and Attestations to Be Submitted at Application and When Placed in Service
  • Post-Allocation Compliance
Program Overview

• The Low-Income Communities Bonus Credit Program under §48(e) of the Internal Revenue Code provides a process to apply for an allocation of Capacity Limitation that increases the existing §48 energy investment credit by 10 or 20 percentage points for qualified solar and wind facilities < 5 MW-AC.

• DOE will review applications and make recommendations to the IRS, which will allocate up to 1.8 gigawatts (GW) of solar and wind direct-current (DC) capacity per year.
Facility Categories

• For calendar year 2023, the total annual Capacity Limitation of 1.8 GW will be divided among the four categories as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Allocation (megawatts)</th>
<th>Tax Credit Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Located in a Low-Income Community</td>
<td>700</td>
<td>10%</td>
</tr>
<tr>
<td>(2) Located on Indian Land</td>
<td>200</td>
<td>10%</td>
</tr>
<tr>
<td>(3) Qualified Low-Income Residential Building Project</td>
<td>200</td>
<td>20%</td>
</tr>
<tr>
<td>(4) Qualified Low-Income Economic Benefit Project</td>
<td>700</td>
<td>20%</td>
</tr>
</tbody>
</table>

• Refer to the IRS Publication, Rev. Proc. 2023-27 for the full definition and requirements of each program category.
**Program Goals**

The program prioritizes the following goals:

- Increase **adoption of and access to renewable energy facilities** in low-income and other communities with environmental justice concerns.
- Encourage **new market participants**.
- Provide **social and economic benefits** to individuals and communities that have been **historically overburdened** with pollution, adverse human health or environmental effects, and marginalized from economic opportunities.
Additional Selection Criteria

- For Program Year 2023, **at least** 50 percent of the total capacity in each program category will be reserved for qualified facilities meeting certain Additional Selection Criteria.
- Facilities may qualify for Additional Selection Criteria based on Ownership or Geography.
Additional Selection Criteria – Ownership Criteria

Ownership criteria
The ownership criteria is based on characteristics of the applicant that owns the qualified solar or wind facility.

- Tribal enterprise
- Alaska Native Corporation
- Renewable energy cooperative
- Qualified renewable energy company
- Qualified tax-exempt entity

• Refer to the [IRS Final Regulations](https://www.irs.gov) for the definition and requirements of ownership.

Additional Selection Criteria.
Additional Selection Criteria – Geographic Criteria

Geographic criteria
The geographic criteria is based on the county or census tract where the facility is located.

- Persistent Poverty County
- Climate and Economic Justice Screening Tool (CEJST) Energy Category

• Refer to the IRS Final Regulations for the definition and requirements of geographic Additional Selection Criteria.
## Application Options

<table>
<thead>
<tr>
<th>Category and Application Option</th>
<th>MW</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Located in a Low-Income Community - Eligible Residential Behind-the-Meter (BTM)</td>
<td>245</td>
<td></td>
</tr>
<tr>
<td>(1) Located in a Low-Income Community - Eligible Residential BTM – <strong>Additional Selection Criteria</strong></td>
<td>245</td>
<td>700</td>
</tr>
<tr>
<td>(1) Located in a Low-Income Community - Other Eligible LI Community Project</td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>(1) Located in a Low-Income Community - Other Eligible LI Community Project – <strong>Additional Selection Criteria</strong></td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>(2) Located on Indian Land</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>(2) Located on Indian Land – <strong>Additional Selection Criteria</strong></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>(3) Qualified Low-Income Residential Building Project</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>(3) Qualified Low-Income Residential Building Project – <strong>Additional Selection Criteria</strong></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>(4) Qualified Low-Income Economic Benefit Project</td>
<td>350</td>
<td>700</td>
</tr>
<tr>
<td>(4) Qualified Low-Income Economic Benefit Project – <strong>Additional Selection Criteria</strong></td>
<td>350</td>
<td></td>
</tr>
</tbody>
</table>
Application Selection Process
Application Selection Process

- The 2023 Program Year begins on **October 19, 2023**, at which time applications may be submitted for all four categories via the Applicant Portal: https://eco.energy.gov/ejbonus
- Applications submitted within the first 30-days will be treated as submitted on the same date and at the same time.
- If at the conclusion of the 30-day period any category sub-reservation is oversubscribed, a lottery will take place.

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant Portal opens 9am EDT</td>
<td>10/19/23</td>
</tr>
<tr>
<td>Initial 30-day period</td>
<td></td>
</tr>
<tr>
<td>30-day application window closes</td>
<td>11/18/23</td>
</tr>
<tr>
<td>Lottery determines the order applications submitted during 30-day window are reviewed</td>
<td></td>
</tr>
<tr>
<td>Rolling application submissions continue until close of program year</td>
<td></td>
</tr>
</tbody>
</table>
• Applications for Category 4 are submitted within the first 30 days:

• **Scenario 1:** Fewer than 350 MW of ASC applications are submitted. The 350 MW carve-out is maintained for future ASC application submissions within the program year. If non-ASC applications exceed 350 MW, a lottery will take place for those applications to determine review order.

• **Scenario 2:** More than 350 MW but less than 700 MW of ASC applications are submitted. ASC takes review priority over non-ASC applications and a lottery will take place for non-ASC to determine review order if the combined capacity is over 700 MW.

• **Scenario 3:** More than 700 MW of ASC applications are submitted. ASC takes review priority over non-ASC applications and a lottery will take place for ASC to determine review order.
### Application Selection Process– Category 4 Example

<table>
<thead>
<tr>
<th>Review Order</th>
<th>Ownership ASC</th>
<th>Geographic ASC</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
<td>Applications meeting both Ownership and Geographic criteria will be prioritized ahead of applications meeting only Ownership or Geography.</td>
</tr>
<tr>
<td>2</td>
<td>Yes</td>
<td>No</td>
<td>Ownership and Geography are weighted equally. No prioritization is given for applications that meet more than one qualifier for Ownership or Geography (i.e., owner is an Alaska Native Corporation and a Renewable Energy Cooperative).</td>
</tr>
<tr>
<td>3</td>
<td>No</td>
<td>Yes</td>
<td>Ownership and Geography are weighted equally. No prioritization is given for applications that meet more than one qualifier for Ownership or Geography (i.e., owner is an Alaska Native Corporation and a Renewable Energy Cooperative).</td>
</tr>
<tr>
<td>4</td>
<td>Yes</td>
<td>No</td>
<td>Ownership and Geography are weighted equally. No prioritization is given for applications that meet more than one qualifier for Ownership or Geography (i.e., owner is an Alaska Native Corporation and a Renewable Energy Cooperative).</td>
</tr>
<tr>
<td>5</td>
<td>No</td>
<td>No</td>
<td>Applications that do not purport to meet additional selection criteria are ranked last and reviewed only if there is remaining capacity.</td>
</tr>
<tr>
<td>6</td>
<td>No</td>
<td>No</td>
<td>Applications that do not purport to meet additional selection criteria are ranked last and reviewed only if there is remaining capacity.</td>
</tr>
</tbody>
</table>

- REMEMBER, this ordering is only done if there is oversubscription within the first 30 days. All applications that are received after the initial 30-day window are ordered based on their submission timestamp.
Program Capacity Dashboard

• A publicly available Program Capacity Dashboard will be available on the Applicant Portal after the initial 30-day period to show the remaining capacity for each Application Option.
Application Process Overview
Application Process Overview

**Login.gov**
Applicant registers for Login.gov to access Applicant Portal

**Applicant Registration**
Applicant completes portal registration including organization details

**Application for Allocation**
Applicant applies for an allocation of Capacity Limitation by providing facility details and required documentation

**DOE Review**
DOE Review Team conducts initial review of application, requests additional information, if applicable, and provides eligibility recommendation to IRS

**IRS Review and Determination**
IRS reviews recommendation and makes allocation determination

**Placed In Service Requirements**
Once the facility that has received an allocation has been placed in service, Applicant completes the Placed in Service step of the process.

**DOE Review**
DOE Review Team conducts initial review, requests additional information, if applicable, and provides eligibility recommendation to IRS

**IRS Review and Determination**
IRS reviews recommendation and makes eligibility determination.
Registration Requirements

• The applicant must be the organization that owns the solar or wind facility.
• The individuals who apply for an allocation of Capacity Limitation on behalf of their organization must have the legal authority to do so.
• To register for the Low-Income Communities Bonus Credit Program, applicants must create a Login.gov account. Dual-factor authentication setup is required.
• Navigate to the Low-Income Communities Bonus Credit Program Applicant Portal landing page and select Log In to begin account setup and registration.
• It is highly recommended to use an email address associated with the organization for which you are applying.
Registration Requirements

• Upon logging into the Portal for the first time, you will agree to the Privacy Notice and complete the registration process.

• Required Information includes:
  • First and Last name of organization contact
  • Secondary organization contact
  • Legal organization name and contact information
  • Parent Organization (if applicable)
  • Employer Identification Number (EIN) or Taxpayer Identification Number (TIN) that you plan to use for tax filing purposes
  • Organization Address
  • Organization Type
  • Confirm if your organization is eligible for elective payment
Important Registration Information

• Multiple registered applicants can create and submit different applications on behalf of one organization, but individuals from the same organization currently cannot access each other’s applications.

• Organizations submitting multiple applications for different facilities should carefully coordinate to ensure duplicate applications for the same facility are not submitted.

• A Login.gov account can only be tied to one organization in the Portal. To submit applications on behalf of multiple organizations, an individual must create separate Login.gov accounts and have separate email addresses for each organization.
Application Process Overview
Application for Allocation
Once registered, Applicants may view descriptions of each category:

- **Category 1:** Located in a Low-Income Community
- **Category 2:** Located on Indian Land
- **Category 3:** Qualified Low-Income Residential Building Project
- **Category 4:** Qualified Low-Income Economic Benefit Project

Each category has application options (e.g., Eligible Residential Behind-the-Meter (BTM), Eligible Residential Behind-the-Meter (BTM) – Additional Selection Criteria, etc.).

Applicants will select the applicable category and application option link for their energy facility.
Each application must be for an individual facility, and facility identification details must be provided.

If an applicant’s solar or wind facility does not have a physical street address at the time of application, they should enter “NA” in the Facility Street Address field. Applicants are still required to enter City, State, Country, and Zip code.
Applicants are required to provide:

- Latitude and longitude coordinates of their facility to at least five (5) decimal places.
- Facility Technology Details
- Facility Size
- Some fields are conditionally required based on the user’s selections.
Application Process Overview - Application for Allocation

• Applicants will complete the Facility Usage section by selecting the applicable Customer/Off-taker Type, Ownership Model, and Point of Interconnection.

• Customer/Off-taker Type and Point of Interconnection selections are dependent on the category and application option selected.

• If an applicant selects an application option with Additional Selection Criteria, you will be prompted to select the eligible ownership and/or geographic type.
Applicants will complete the Application Documentation section by uploading all required documents.

The last step is to select each checkbox for each required attestation and submit the application.

Documentation and attestation requirements are dependent on facility type. Refer to the Program Guidance for details.
Application Process Overview - List View

- Every application that an individual creates will show up in a searchable list view under the “Organization Applications” tab of the Portal.

- A unique Control Number is assigned to each application.
Portal Notifications

• Applicants will receive an email each time that they have a new notification in their Applicant Portal.

• The Notifications link on the navigation bar is used to view and manage all notifications for applications created by the applicant.

• DOE may issue a request for additional information. Information and/or documentation satisfying the request must be submitted via the Applicant Portal no later than 21 business days from the date of the notice or the application may be withdrawn.
IRS-Issued Letters

• Applicants will receive a notification when the IRS has made a determination on their application.

• Applicants can view any official IRS allocation approval or denial letters in the Attachments tab of their Application for Allocation record.

• IRS approval or denial letters are only available in the Portal – they are not mailed.
Successor in Interest

• A Capacity Limitation allocation award applies only to the facility included in the application, and taxpayer who applied for and received an allocation award for that facility.

• If taxpayers want to request a transfer of an allocation to a new owner of the same facility, they may email the program administrator to initiate this request and provide required documentation including but not limited to the ownership transfer agreement.

• The successor taxpayer must be registered in the Applicant Portal.

• Transfers of the 48e Capacity Limitation may only occur after the facility has been allocated a Capacity Limitation award and before the facility is placed in service.

• A Capacity Limitation allocation award may not be transferred to a different facility.
Placed in Service Requirements
Application Process Overview - Placed in Service

• Applicants are required to submit additional information once their energy facility is placed in service.

• Navigate to Organization Applications and select the Control Number of the facility that has been placed in service.
• Applicants will be instructed to review their original application.
• All final nameplate capacity values provided must correspond with the required supporting documentation (i.e. PTO letter) and should not be rounded.
• Only certain non-material changes are allowed at the Placed-in-Service stage.
Application Process Overview - Placed in Service

• Applicants will complete the documentation section by uploading all required documents.
• The last step is to check each required attestation and submit the information for review.
• When IRS has completed its review, applicants will receive a notification that IRS has issued an eligibility or disqualification letter that can be found within the Applicant Portal.
• If the IRS issues an eligibility letter, the applicant may claim the energy percentage increase on their applicable tax filing form.
  • To make an elective pay election, additional steps are required. See IRS.gov/electivepay for more information.
Capacity Modifications at Placed in Service

• **Capacity Increase:** If the facility size is larger than the allocated capacity (but still below 5 MW AC), the 10 or 20 percentage point increase will be reduced by a reduction factor.

\[
\text{% Reduction Factor} = \frac{\text{Capacity Limitation Allocated (kW)}}{\text{Total Nameplate Capacity Installed (kW)}}
\]

**Example:**
A Category 1 facility with a $300,000 cost basis receives an allocation for 100kW and 125kW is placed in service.
Reduction Factor = 100 kW / 125 kW = 80%
Credit increase based on original allocation = $300,000*10% = $30,000
Adjusted Credit increase = $30,000*80% = $24,000

• **Capacity Decrease:** The percentage award is maintained if the facility size is reduced by no more than the greater of 2 kW or 25% of the allocated capacity, however larger reductions will result in disqualification.
The application may also be disqualified after receiving an allocation if any of the following occurs:

• Facility location changes;
• Facility cannot satisfy the financial benefits requirements for Category 3 or Category 4;
• Facility is not placed in service within four years of allocation award;
• Facility received an allocation based on meeting the Ownership Criteria and the ownership of the facility changes prior to the facility being placed in service such that the Ownership Criteria is no longer satisfied (see the IRS Final Regulations for certain exceptions).
Program Resources
A public mapping tool has been created showing census tracts that meet Category 1 Low-Income Community eligibility and geographic Additional Selection Criteria: Persistent Poverty Counties and the CEJST “Energy” Category.
Program Resources – Public Mapping Tool

• The Category 1 maps are identical to the New Markets Tax Credit (NMTC) maps.
• Program provided mapping resources are not available for Category 2.
• The CEJST map includes 8 categories of burden. Only the “Energy” category is eligible for Additional Selection Criteria.
• Data from all three sources are updated over time.
• DOE will publish the underlying shapefile layers of the map and an excel data file of census tracts to increase program information accessibility.

Disclaimer: The mapping tool is intended for geolocation purposes. It should not be relied upon by taxpayers to determine eligibility for the Low-Income Communities Bonus Credit Program.
Program Resources – Support Desk

• Applicants and interested stakeholders may email the program administrator for program related questions and Applicant Portal assistance at EJBonusSupport@hq.doe.gov

• There is no dispute process for capacity allocation denial decisions or for determinations of ineligibility at the placed in-service stage.

• The DOE and/or IRS will not provide tax advice. Any questions requesting tax-related guidance or tax filing support should be directed to the applicant’s tax professional, accountant, or attorney.
Program Resources – Additional Documents

- DOE’s Low-Income Communities Bonus Credit Program website will host a variety of helpful program resources, including:

  - Applicant Checklist
  - Portal User Guide
  - FAQs
  - Consumer Disclosure Forms

www.energy.gov/diversity/low-income-communities-bonus-credit-program
Program Timeline
2023 Program Timeline

9/29
• Informational Webinar
• Applicant Checklist published

9/29
• Support Desk Opens

10/10
• FAQs, User Guide, and webinar recording published

10/19
• Applicant Portal Opens
• Initial 30-day application window begins

11/18
• Last day of 30-day application window
• Rolling application submissions may continue

11/20
• Lotteries are conducted (if applicable)
• Program Capacity Dashboard published

IRS Allocation letters will begin to be issued as soon as possible this calendar year.