

The Inflation Reduction Act: Opportunities for Norwegian Businesses

Stavanger – Thursday, March 23

Advancing Transatlantic Business



Contrary to...

- Washington Post, Oct 11: Biden faces allies' ire at IRA
- DN, Jan 5: Frykter USAs gigantiske lovpakke – Norge kan komme i en dobbel skvis
- E24, Jan 15: USA-skattepakke kan bety krise for norsk batteriindustri: – Kan ikke bare kreve og klage
- Dagsavisen, Jan 18: EU varsler kamp mot amerikansk proteksjonsime
- E24, Jan 18: Det kan fort bli ny handelskonflikt over Altanteren
- DN, Mar 6: “Supergruppe” skal slåss mot IRA
- France24, Mar 16: EU races to lead green tech battle against US, China



“I am an impatient politician, driven by the knowledge that we need to speed up the green transition.

We have much to do to reach the climate targets. The core of Norwegian industrial policy is the Green Industrial Initiative, a roadmap for new, sustainable value chains.

The world needs this kind of future-oriented policy to move in a greener direction. **That is why I am so glad to see the US, through the Inflation Reduction Act (IRA), demonstrating its impatience too.**

Thanks to the IRA, the green transition is accelerating. I look forward to seeing how this can benefit Norwegian industry and people around the world. We will all gain from new technology developing faster, and we will all benefit from reduced emissions, as renewable energy replaces fossil fuels.

I am especially eager to see what we can do together! Norway has a lot to offer, and by cooperating our two countries can get the most out of our green value chains and build the industries of the future.”

--Jan Christian Vestre, Norwegian Minister of Trade & Industry

Energy Tax Provisions - Summary

Inflation Reduction Act signed into law on August 16, 2022

Extensions/modifications to:

- Sec. 45 Production tax credits and Sec. 48 investment tax credits for wind, solar, geothermal, hydropower, etc.
- Sec. 45Q Credit for carbon oxide sequestration (increased rates)
- Sec. 48C Credit for manufacturing energy property including EV components, fuel cells, electric grids, etc.
- Sec. 40 Second-generation biofuel credit
- Sec. 40A and 6426 Biodiesel and renewable diesel; biodiesel mixture credit; alternative fuel credit
- Sec. 179D Energy efficient commercial buildings deduction
- Sec. 30D & Sec. 25E for EVs & Sec. 30C charging stations

New Credits for:

- Sec. 45U Zero-emission nuclear power production credit
- Sec. 40B Sustainable aviation fuel
- Sec. 45V Clean hydrogen production credit
- Sec. 45W Qualified commercial clean vehicles
- Sec. 45X Manufacturing credit for solar and wind components, batteries and critical minerals
- Sec. 45Y and 48E Technology neutral clean electricity production and investment credits
- Sec. 45Z Clean fuel production credit



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Inflation Reduction Act: section 48C

The bill authorizes \$10 billion in credits

- At least \$4 billion of these credits must be allocated to investments in: (i) a brownfield site, (ii) communities formerly reliant on fossil fuel industries (coal, oil, natural gas)

30% ITC available for constructing, re-equipping, or expanding a QAEP manufacturing facility (wind, solar, carbon capture, electric grids, EVs and components)

- Base rate = 6%

Qualified manufacturing facilities were facilities that manufactured the following items:

- Property designed to produce energy from the sun, wind, geothermal deposits or other renewable resources
- Fuel cells, microturbines, or an energy storage system for use with electric or hybrid-electric motor vehicles
- Electric grids to support the transmission of intermittent sources of renewable energy, including storage of such energy
- Property designed to capture and sequester dioxide emissions
- Property designed to refine or blend renewable fuels or to produce conservation technologies (including lighting and smart grid technologies)
- Electric vehicles or components designed specifically for use in such vehicles or
- Other advanced energy property designed to reduce greenhouse gas emissions as may be determined by the Secretary



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45X: Production-Based Manufacturing Credit

Inflation Reduction Act: section 45X

Provides a credit for certain eligible components (wind, solar, battery, critical minerals) produced by the taxpayer and sold to an unrelated person

Available for components produced and sold after 2022

The prevailing wage and apprenticeship requirements do not apply to this credit

Interaction with 48C

- The credit is not allowed for components produced at a facility receiving a section 48C credit

Direct Pay/Refundability

- Taxpayers may elect to make the credit refundable through a direct pay mechanism
- Such election would apply to the taxable year and four subsequent taxable years

Transferability

- A taxpayer may elect to transfer the credit (or any portion of the credit) to an unrelated taxpayer.
- For any taxable years for which a direct pay election is made, taxpayers may not also elect to transfer the credit.

Phase out

- For components sold after 2029, the credit is reduced by 25% each year, and would be unavailable for components sold in 2033 and beyond
- Exception: critical minerals

“(e) CRITICAL MINERAL AND BATTERY COMPONENT REQUIREMENTS.—

“(1) CRITICAL MINERALS REQUIREMENT.—

“(A) IN GENERAL.—The requirement described in this subparagraph with respect to a vehicle is that, with respect to the battery from which the electric motor of such vehicle draws electricity, the percentage of the value of the applicable critical minerals (as defined in section 45X(c)(6)) contained in such battery that were—

“(i) extracted or processed—

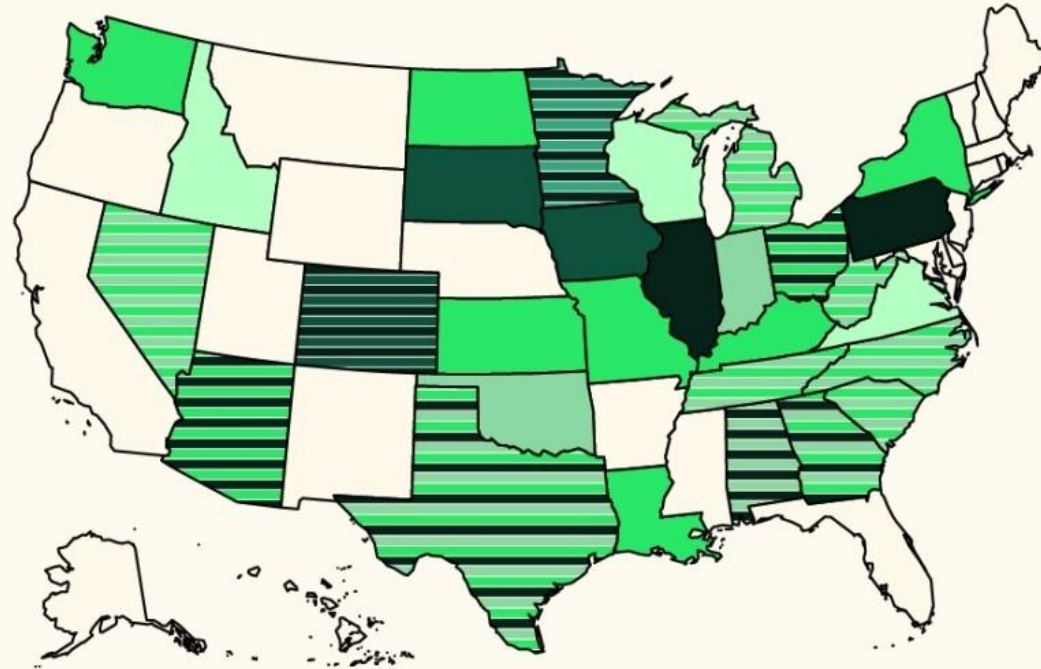
“(I) in the United States, or

“(II) in any country with which the United States has a free trade agreement in effect, or

“(ii) recycled in North America, is equal to or greater than the applicable percentage (as certified by the qualified manufacturer, in such form or manner as prescribed by the Secretary).

It's working...

NEW CLEAN ENERGY JOBS SINCE THE PASSAGE OF THE INFLATION REDUCTION ACT



STRIPES INDICATE
MULTIPLE INDUSTRIES



SOLAR



WIND



HYDROGEN



BATTERIES



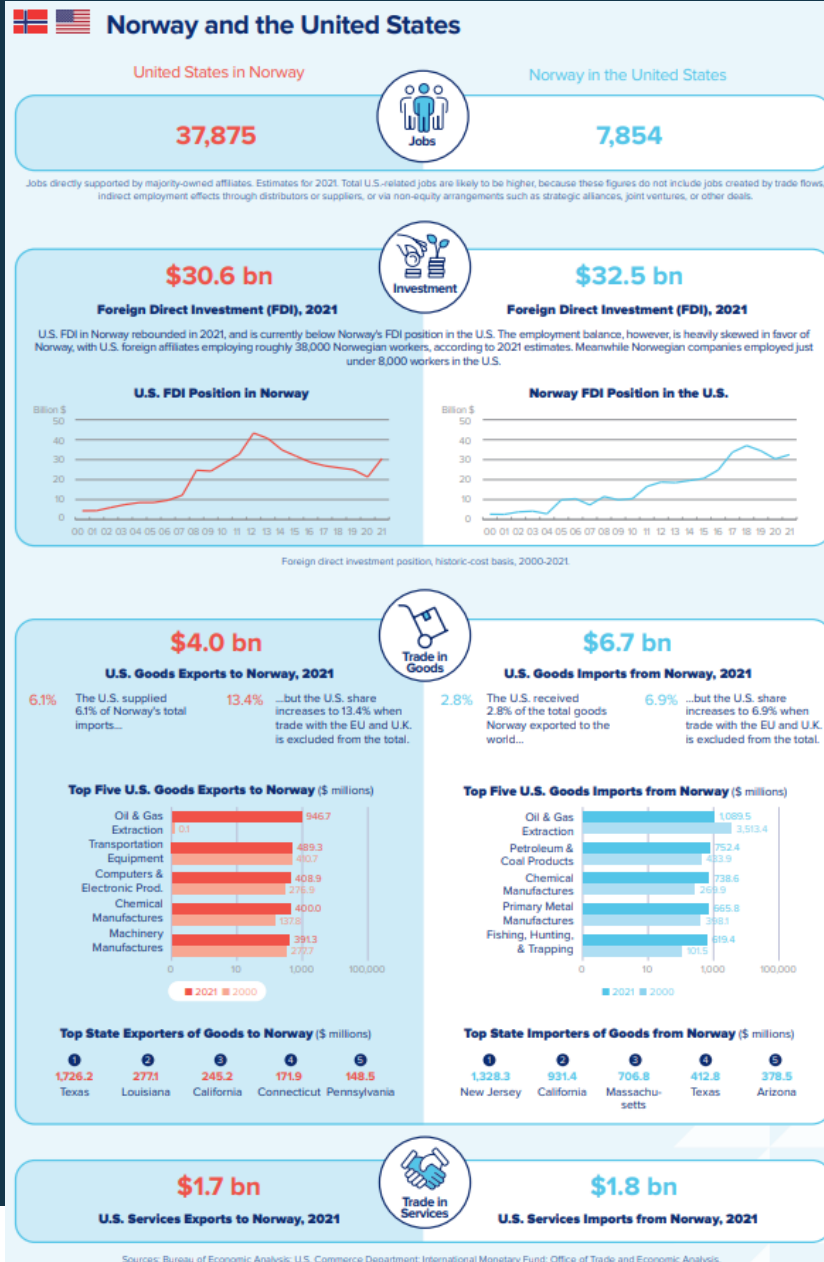
ELECTRIC VEHICLES



CLEAN TECH

[Clean Energy Boom 100K Report
\(climatepower.us\)](https://climatepower.us)

Annual Transatlantic Economy Survey



Thank you!

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