

Renewable Electricity Production Credit Amounts for Calendar Year 2022

Announcement 2022-23

This announcement notifies taxpayers of new credit amounts for calendar year 2022 for the renewable electricity production credit under § 45 of the Internal Revenue Code (§ 45 credit) in the case of any qualified facility placed in service after December 31, 2021. Section 45 was amended by § 13101 of Public Law 117-169, 136 Stat. 1818 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA). Because the IRA changed the manner in which the § 45 credit amounts are calculated in the case of any qualified facility placed in service after December 31, 2021, this announcement supplements the § 45 credit amounts as originally published in Notice 2022-20, 2022-21 I.R.B. 1095. In the case of any qualified facility placed in service before January 1, 2022, the § 45 credit amounts published in Notice 2022-20 remain unchanged.

As amended, § 45(a) provides that the § 45 credit for any taxable year is an amount equal to the product of 0.3 cents multiplied by the kilowatt hours of electricity produced by the taxpayer and sold to an unrelated person during the taxable year. This electricity must be produced from qualified energy resources at a qualified facility during the 10-year period beginning on the date the facility was originally placed in service.

Under amended § 45(b)(2), the 0.3 cent amount referenced in § 45(a) is adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale occurs. If the 0.3 cent amount as adjusted for inflation is not a multiple of 0.05 cent, the amount is rounded to the nearest multiple of 0.05 cent.

In the case of electricity produced in open-loop biomass facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities, § 45(b)(4)(A) requires the amount in effect under § 45(a)(1) (determined before the application of the last two sentences of § 45(b)(2) regarding rounding) to be reduced by one-half. As amended, § 45(b)(4)(A) no longer applies to qualified hydropower facilities and marine and hydrokinetic renewable energy facilities placed in service after December 31, 2022.

New § 45(b)(6)(A) provides that, in the case of any qualified facility that satisfies the requirements of § 45(b)(6)(B), the credit amount determined under § 45(a) (determined after the application of § 45(b)(1) through (5)¹ and without regard to § 45(b)(6)) is equal to such amount multiplied by 5. A qualified facility satisfies the requirements of § 45(b)(6)(B) if it is placed in service after December 31, 2021, and is one of the following: (i) a facility with a maximum net output of less than 1 megawatt (as measured in alternating current); (ii) a facility the construction of which begins prior to the date that is 60 days after the Secretary of the Treasury or her delegate publishes guidance with respect to the requirements of § 45(b)(7)(A) (prevailing wage requirements) and § 45(b)(8) (apprenticeship requirements);² or (iii) a facility that satisfies the requirements of § 45(b)(7)(A) and (8).

¹ The phaseout of the § 45 credit for wind facilities provided in § 45(b)(5) does not apply to facilities placed in service after December 31, 2021.

² The publication of this announcement is not the publication of guidance with respect to the prevailing wage and apprenticeship requirements described in § 45(b)(6)(B)(ii), and it is not relevant in determining whether the prevailing wage and apprenticeship requirements are satisfied under § 45 or any other provision of the Internal Revenue Code. The Department of the Treasury and the Internal Revenue Service will explicitly identify when guidance with respect to the prevailing wage and apprenticeship requirements that is relevant for determining whether such requirements have been satisfied for purposes of any provision of the Internal Revenue Code has been published.

Under the calculations required by § 45(b)(2) and § 45(b)(6)(A), the § 45 credit for calendar year 2022 under § 45(a) is 2.75 cents³ per kilowatt hour on the sale of electricity produced in any qualified facility placed in service after December 31, 2021, from the qualified energy resources of wind, closed-loop biomass, geothermal energy, and solar energy.

Under the calculations required by § 45(b)(2), § 45(b)(4)(A), and § 45(b)(6)(A), the § 45 credit for renewable electricity production for calendar year 2022 under § 45(a) is 1.25 cents⁴ per kilowatt hour on the sale of electricity produced in any qualified facility placed in service after December 31, 2021, that is an open-loop biomass facility, a landfill gas facility, a trash facility, a qualified hydropower facility, or a marine and hydrokinetic renewable energy facility.

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³ This number is determined by multiplying the base credit amount of 0.3 cent by the 2022 inflation adjustment factor (1.7593), then rounding to the nearest multiple of 0.05 cent. The rounded number is then multiplied by 5. All calendar year 2022 sales of kilowatt hours of electricity produced in any qualified facility placed in service after December 31, 2021, from the qualified energy resources of wind, closed-loop biomass, geothermal energy, and solar energy, will meet the requirements for the 5X credit multiplier under § 45(b)(6)(A).

⁴ This number is determined by multiplying the base credit amount of 0.3 cent by the 2022 inflation adjustment factor (1.7593), then reducing this number by one-half, before rounding to the nearest multiple of 0.05 cent. The rounded number is then multiplied by 5. All calendar year 2022 sales of kilowatt hours of electricity produced in any qualified facility placed in service after December 31, 2021, that is an open-loop biomass facility, a landfill gas facility, a trash facility, a qualified hydropower facility, or a marine and hydrokinetic renewable energy facility, will meet the requirements for the 5X credit multiplier under § 45(b)(6)(A).