

Wins for Michigan in the Inflation Reduction Act

The Inflation Reduction Act (IRA), which recently passed both houses of Congress and was signed into law by President Biden in August 2022, includes [\\$369 billion in investments](#) in decarbonizing our economy, transitioning to clean energy, reducing the cost of energy, and remedying environmental health disparities. **These investments are poised to deliver significant wins to Michiganders in the years to come and especially can help Michigan deploy more renewable energy and accelerate its transition to 100% clean electricity.**

Renewable Energy

The IRA extends the current federal investment and production tax credits (ITC and PTC) for solar and wind energy through 2024 and establishes a new technology-neutral ITC and PTC for all zero-carbon (and some very low-carbon) electricity generation technologies, from 2025-2032.

- The decade-long extension of the solar and wind production and investment credit will create long-term certainty and help Michigan reach its goal of generating 60 percent of Michigan electricity from renewable resources.
- Expanding the ITC and PTC to include energy storage will help integrate intermittent sources of renewable energy like solar and wind, bring down the retail cost of electricity, and help Michigan reach its goal of 4,000 megawatts of grid scale storage.



Industrial Decarbonization & Clean Manufacturing

- The IRA includes \$2 billion to re-tool existing auto manufacturing facilities to manufacture zero-emissions or low-emissions vehicles. As the heart of the nation's automotive manufacturing economy, Michigan is poised to be the biggest winner from this investment.
- The IRA also includes \$6 billion for the Advanced Industrial Facilities Deployment Program to pilot new technologies that can bring about clean innovation in high-emissions industrial processes like steel, cement, glass, pulp and paper, and chemical production that are critical to Michigan's manufacturing economy.
- The IRA's provisions incentivizing grid energy storage and electric vehicles will spur demand for advanced battery manufacturing and electric vehicle component parts, stimulating Michigan's rapidly growing advanced battery and electric vehicle manufacturing cluster.

Electric Vehicles

- Michigan was [one of 16 states](#) to recently sue the USPS for failing to proceed with proper environmental reviews and give full consideration to replacing more of its fleet with electric vehicles. The IRA contains \$3 billion to ensure the postal service replaces a significant portion of its fleet with clean electric trucks.
- The expanded and extended EV tax credit in the IRA allows low-income car-buyers to claim as much as an additional \$7,500 tax credit for the purchase of a new electric vehicle, helping Michigan achieve its goal of 2 million electric vehicles on Michigan roads by 2030.
- Michigan is a national leader in manufacturing electric vehicles. EV battery plants are coming to both [Holland](#) and [Lansing](#). The IRA's EV incentives will significantly accelerate the growth of EV sales and will sustain Michigan's manufacturing economy.

“Michigan is well-positioned to be a key engine in the United States’ transition to a clean energy future.”

Energy Cost Savings

- The IRA extends through 2032 existing incentives to help homeowners pay for energy-saving upgrades. It significantly expands what these incentives can help pay for to include doors, windows, heat pumps for both space heating and water heating, and rooftop solar, helping Michiganders save money on high energy costs.
- In addition to the tax incentives, the IRA establishes rebates for specified appliances, like \$1,750 for a heat pump water heater, \$8,000 for a heat pump for space heating or cooling, and \$840 for an electric stove-top or an electric clothes dryer. This will help Michigan achieve its goal of a 17% reduction in emissions from heating homes and businesses by 2030.
- For renters, the IRA also includes a \$1 billion grant program to help make affordable housing more energy efficient.

Environmental Justice

According to Senate Majority Leader Chuck Schumer, the IRA includes over \$60 billion for environmental justice priorities, including \$3 billion for community-led projects for things like pollution monitoring and prevention and another \$3 billion for transportation access and affordability in disadvantaged or underserved communities, including Detroit, Benton Harbor, and Flint.

Rural Economies

The IRA includes:

- \$20 billion to support climate-smart agriculture practices and \$5 billion for forest health.
- \$9.7 billion in USDA loans for rural electric cooperatives like Cherryland Electric Cooperative and Wolverine Power Cooperative to help them acquire renewables and other carbon-free energy.
- \$3 billion for rural energy loans and grants.

Greenhouse Gas Reduction Fund

The fund has the potential to build upon and catalyze new clean energy financing ecosystems in states across the country. The EPA and states can use this fund to incubate new green banks and clean energy financing institutions or to bring additional capital to existing green banks like [Michigan Saves](#).

Michigan is well-positioned to be a key engine in the United States' transition to a clean energy future. Michigan leaders should capitalize on the opportunities presented by the IRA, as well as the 2021 Infrastructure Investment and Jobs Act, to catalyze this transition in the years to come.