

## **BREAKOUT II SESSION A**

# **Funding the Work: Grants, Incentives, and Financing for Energy Projects**

**Wendy Berg** – Elective Pay Ambassador – Region 4, Event & Membership Manager, MiGBC

**Jake Wilkinson** – Energy Unit Manager, EGLE

**Todd O'Grady** – Vice President of Partnerships, Michigan Saves



MICHIGAN DEPARTMENT OF  
ENVIRONMENT, GREAT LAKES, AND ENERGY

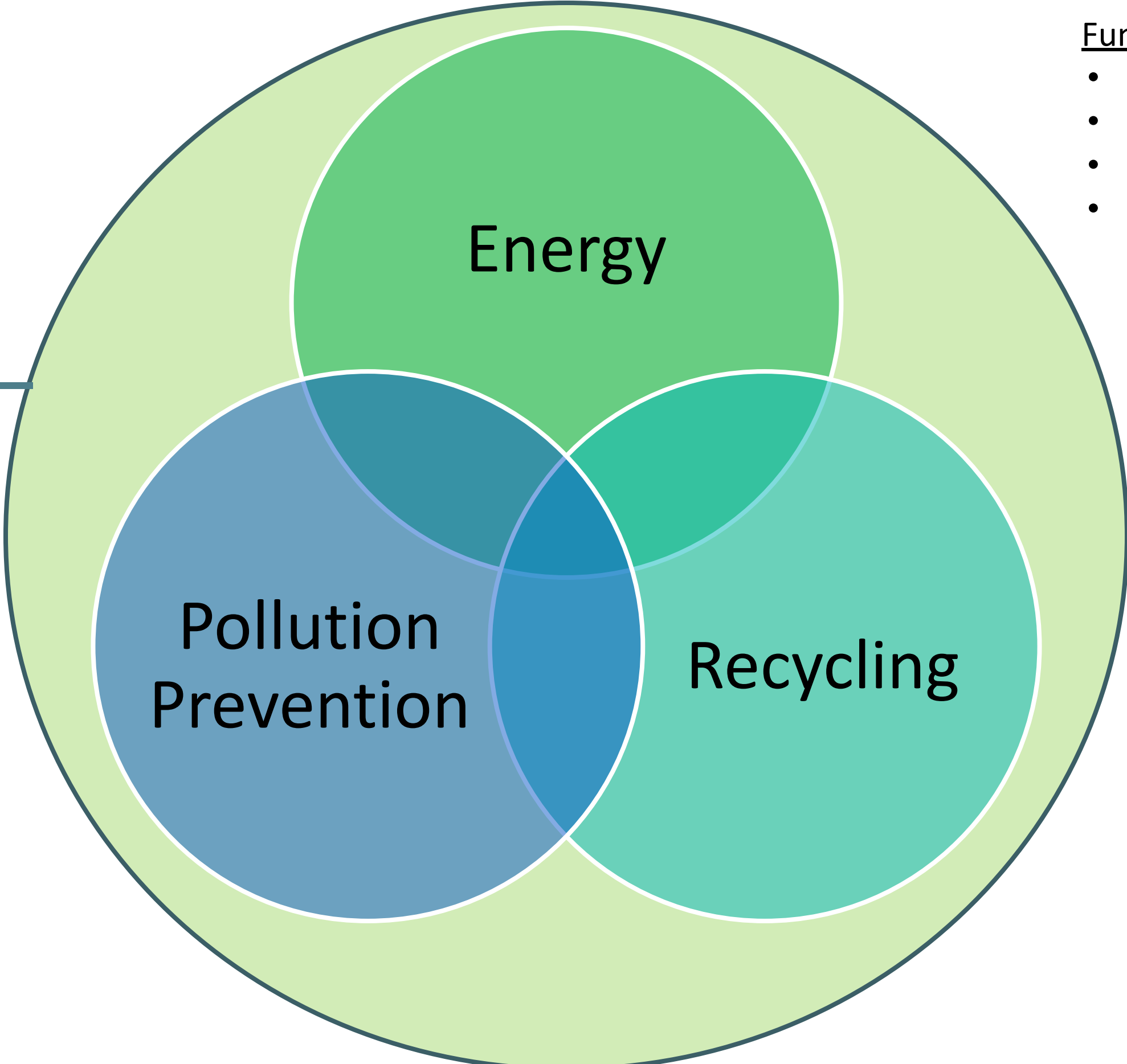
# MICHIGAN ENERGY SUMMIT 5/14/2026

## EGLE ENERGY UNIT PROGRAMS OVERVIEW

Jake Wilkinson, Energy Unit Manager  
Wilkinsonj8@michigan.gov

# EGLE SUSTAINABILITY SECTION

MI Healthy  
Climate Plan



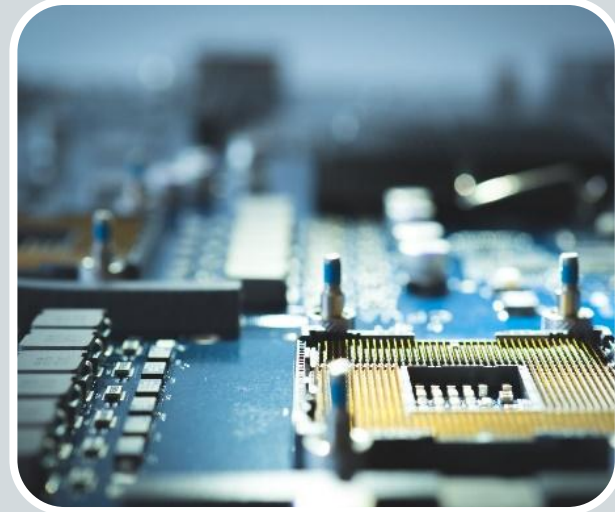
Funding Sources:

- State Funding
- US Department of Energy
- Environmental Protection Agency
- Volkswagen Settlement

# PRIORITIES



Communities  
& Schools



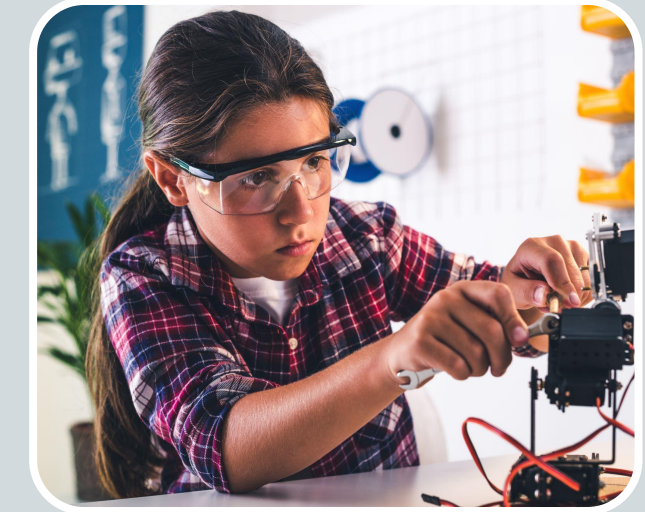
Agriculture,  
Businesses &  
Industry



Equitable  
Access to  
Renewable  
Energy &  
Recycling



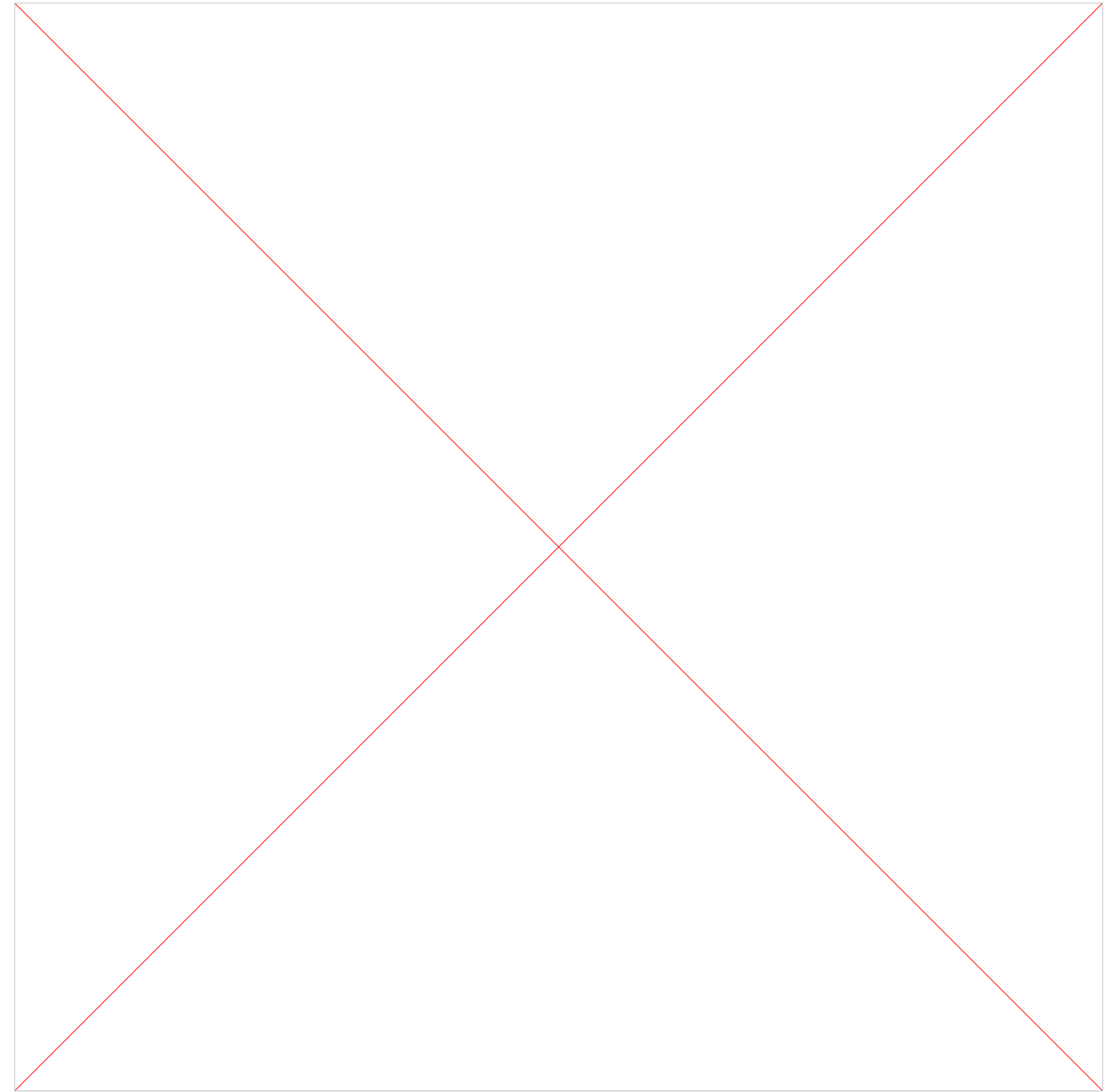
Clean  
Transportation



Workforce  
Development

## KEY PROGRAM GOALS

- Streamlined & easy to navigate
- Integrated with existing programs
- Training, communication, and partnerships
- Focus on highest need first



# EGLE MMD IIJA & IRA STIMULUS FUNDING

## Infrastructure Investment & Jobs Act (IIJA)

- State Energy Program
- Energy Efficiency Revolving Loan Fund
- Energy Efficiency & Conservation Block Grant
- Grid Resiliency 40101d
- Energy Auditor Training
- P2 Environmental Justice in Communities
- Solid Waste Infrastructure for Recycling
- National Electric Vehicle Infrastructure

## Inflation Reduction Act (IRA)

- Climate Pollution Reduction
- Greenhouse Gas Reduction Fund
- High Efficiency Electric Home Rebates
- Home Energy Performance and Whole House Rebates
- Rebate Contractor Training
- Renewable Siting through Technical Engagement and Planning (R-STEP)
- Technical Assistance for the Adoption of Building Energy Codes
- Clean Heavy-Duty Vehicle Program

# ENERGY IMPLEMENTATION PROGRAMS

## **Community Energy Management (CEM)**

- Annual program for grants to municipalities for a wide range of energy activities.

Contact: Cody Evans,  
EvansC26@michigan.gov

## **Agriculture and Rural Business Energy Incentive Program**

- Annual program for grants to Agriculture related industries (food and crop processing) and rural small businesses for a wide range of energy activities

Contact: Tim Cameron,  
CameronT3@michigan.gov

## **Small Business Retooling Program**

- Annual program for grants to small manufacturers (<500 employees) for a wide range of energy activities.

Contact: Tim Cameron,  
CameronT3@michigan.gov

## **Sponsorships**

- Annual program, offers financial assistance for workshops, trainings, conferences, or other events that increase awareness of energy efficiency, renewable energy and sustainability technologies.

Contact: Erica Richard,  
RichardE1@michigan.gov

# TRANSPORTATION

## **Charge Up Michigan**

- EV Charger Placement project that aims to build the infrastructure for DC fast charging stations in the state of Michigan

## **Lake Michigan Circuit**

- Multi-state partnership to create network of EV chargers spanning over 1,100 miles of drivable shoreline around Lake Michigan.

## **Clean Fuels & Charging Infrastructure**

- Charging for multifamily properties, fleets, and filling gaps in fast charging network

Contact: Nicki Guggemos,  
GuggemosN1@michigan.gov

## **Diesel Emission Reduction**

- Funding for projects that will reduce diesel emissions by replacing old vehicles, engines, and equipment, with all-electric vehicles and equipment,

## **Fuel Transformation Program**

- Projects that support the replacement of qualifying diesel, vehicles, vessels, and equipment with new, cleaner versions that have no emissions.
- Eligible Vehicle class 4-8

Contact: Dan Zbozien,  
ZbozienD@michigan.gov

# RENEWABLE ENERGY

## **MI Solar Communities**

- Resource creation, education, and outreach activities to increase public knowledge about solar energy
- Includes recruitment of phase IV location for the CELICA program to site a community solar array in a manufactured home community

## **MI Solar Access**

- Community solar array pilot program, or energy storage system, within a municipal or cooperative electric utility territory

Contact:

Hunter VanRiper, VanRiperH1@michigan.gov

## **Renewable Ready Community Awards**

- Provides up to \$5,000 per megawatt (MW), to eligible Michigan municipalities for an eligible renewable energy project that they will physically host and/or perform local permitting

## **R-STEP**

- Resource creation and outreach activities to educate on renewable energy siting

## **Renewable Energy Academy (REA)**

- Hub for resources, tools, and experts in the field and providing no-cost technical assistance to communities.

Contact:

Ian O'Leary, OLearyl@michigan.gov,

# WORKFORCE

## **Clean Energy Workforce Development Program**

- Grants to support education and training for the clean energy workforce. This program addresses gaps in energy workforce development training to increase the number of participants in training programs.

Contact:

Erica Richard, [RichardE1@michigan.gov](mailto:RichardE1@michigan.gov)

## **Training for Residential Energy Contractors**

- FY25 \$4.1 million for residential contractors
  - Wrap around services
  - Certification
  - Reduce cost
  - Expanded opportunities

# GRID RESILIENCY

- FY24 – 14 projects, \$16 Million
- FY25 \$9.3 Million
- Future rounds TBD
  - Hardening of power lines (pole or conductor management), facilities, substations, or other systems.
  - Vegetation and fuel-load management.
  - Relocation of power lines where improving the reliability and resiliency of the grid is the primary motivation.
  - Replacing old overhead conductors and underground cables.
  - Undergrounding of electrical equipment, especially for critical infrastructure facilities.
  - Non-wires alternatives that use distributive energy resources (DERs), battery storage, and capacity relief, including microgrids.
- Contact: Josie Caldwell, [CaldwellJ11@michigan.gov](mailto:CaldwellJ11@michigan.gov)

# TECHNICAL ASSISTANCE PROGRAMS

- Energy Planning & Policy, Technical Assistance (zoning)
- Michigan Energy Codes Compliance Collaborative
- Clean Tech, Climatech, Circular Economy (C3)
- Clean Energy for Low-Income Communities
- RETAP



Michigan Department of  
**Environment, Great Lakes, and Energy**



[www.Michigan.gov/energy](http://www.Michigan.gov/energy)

[www.Michigan.gov/mirecycles](http://www.Michigan.gov/mirecycles)

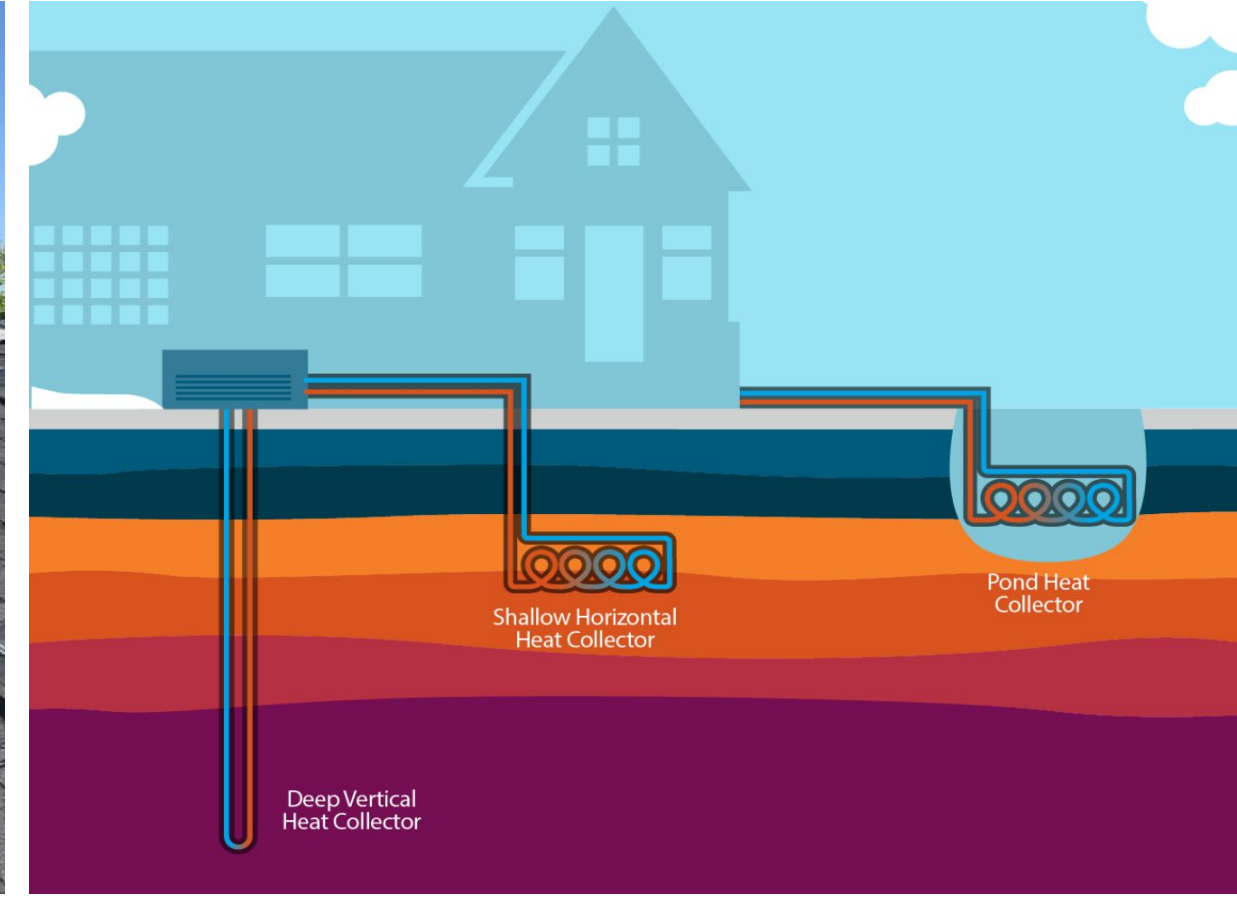
[www.Michigan.gov/p2](http://www.Michigan.gov/p2)

Jake Wilkinson

[wilkinsonj8@Michigan.gov](mailto:wilkinsonj8@Michigan.gov)

# Elective Pay

## Tax Credits for Tax Exempt Entities' Clean Energy Projects



# MIO TAC Elective Pay Ambassador Program

**Wendy Berg**

MIO TAC Elective Pay Ambassador - **Region 4**

wendy@migbc.org

616-240-5097

Area 1 - Krystle Baecker

Area 2 - Stephanie Marchbanks

Area 3 - MIO TAC

Area 4 - Wendy Berg

Area 5 - Frankie Baker

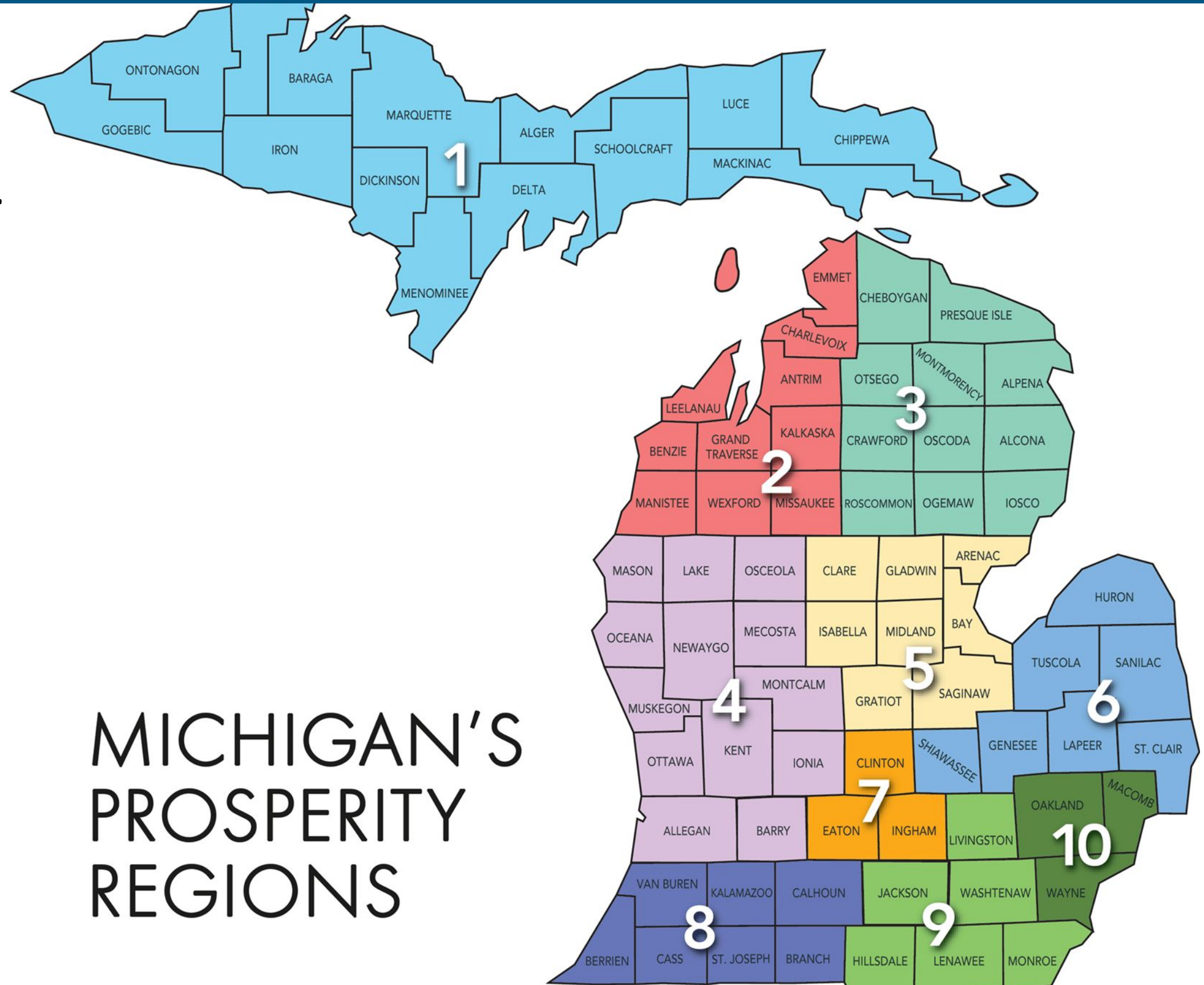
Area 6 - MIO TAC

Area 7 - Mike Wilson

Area 8 - Kalamazoo Climate Crisis Coalition

Area 9 - Kim Heumann & Lissa Spitz

Area 10 - Mason Christerfield & Peggy Matta



# State of Michigan Elective Pay Goals

- Support tax-exempt entities bringing as much federal funding back to Michigan as possible
- Help make clean energy even more affordable, and thus work towards the goals in the MI Healthy Climate Plan.
- Provide technical assistance, resources, and other means of support to make a complex program more accessible.

## Disclaimer

This presentation provides an overview of certain **Inflation Reduction Act tax provisions** for **general informational purposes only**. The content in this presentation is based on tax guidance on IRS.gov, information produced by third-party experts, and other publicly-available information, but itself **is not tax guidance**.

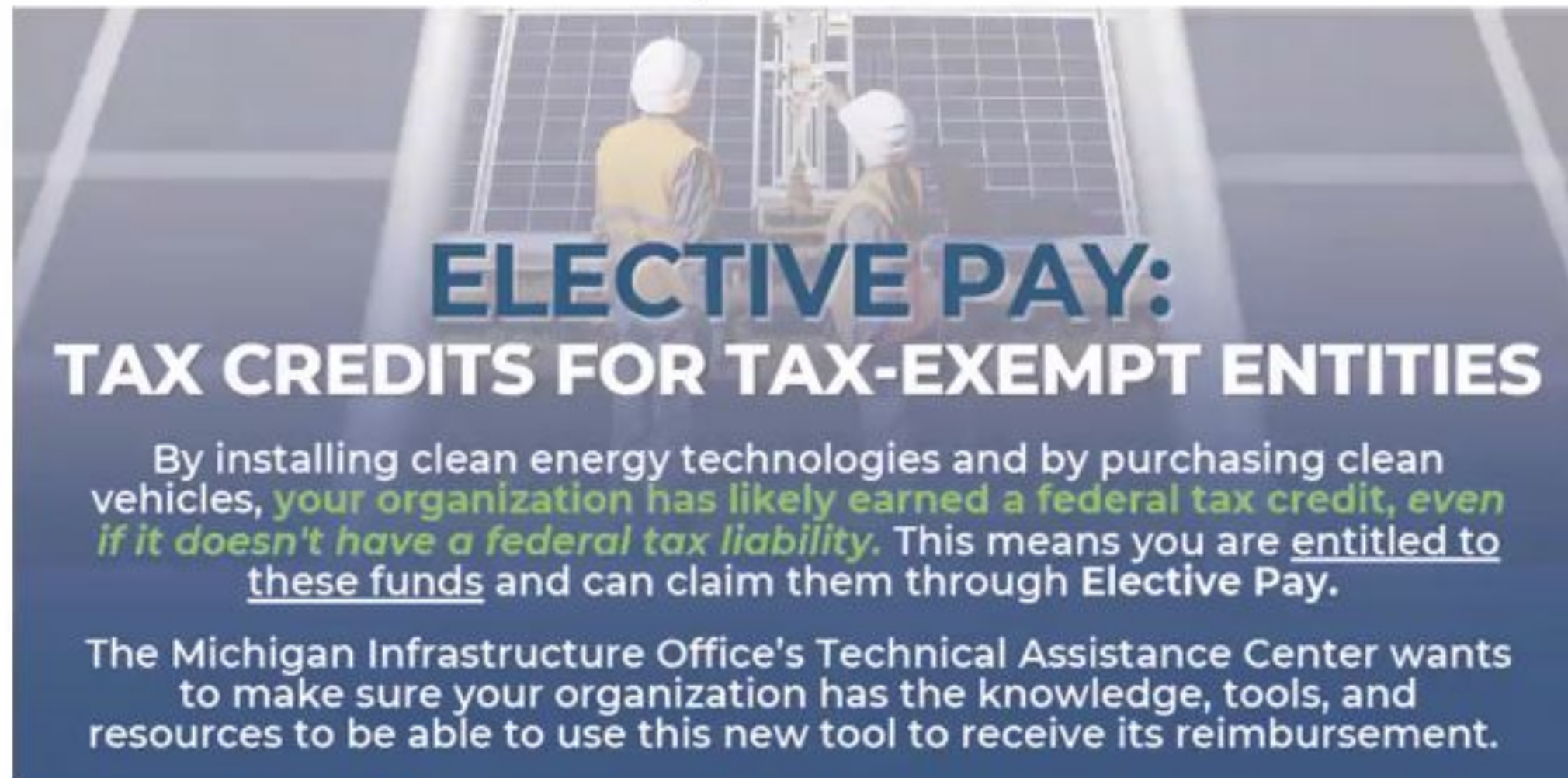
This presentation relies on **simplifications and generalizations to convey high-level points about Inflation Reduction Act tax provisions**. Please refer to guidance issued by the IRS and from your professional tax advisor for detailed information on the rules associated with any tax provisions.

This presentation and the **information contained in it describe the laws and regulations in place at the time presented**. Information on federal tax credits is changing, so check official sources for the latest updates.

*The State of Michigan does not provide tax advice.*

# What are Elective Pay Tax Credits?

Official IRS term is “**Elective Pay**” but **also called “Direct Pay”** (used interchangeably) created by the Inflation Reduction Act of 2022 (IRA)



**ELECTIVE PAY:**  
**TAX CREDITS FOR TAX-EXEMPT ENTITIES**

By installing clean energy technologies and by purchasing clean vehicles, **your organization has likely earned a federal tax credit, even if it doesn't have a federal tax liability.** This means you are entitled to these funds and can claim them through Elective Pay.

The Michigan Infrastructure Office's Technical Assistance Center wants to make sure your organization has the knowledge, tools, and resources to be able to use this new tool to receive its reimbursement.

Using Elective Pay ultimately results in receiving a check from the Internal Revenue Service (IRS).

Get reimbursed for a sizable portion of your project costs (30%-70%) with this new tool.

Elective Pay requires tax-exempt entities to file a federal tax return with the IRS, often for the first time.

## Key Features

**Elective Pay is stackable.** Elective pay-eligible tax credits can be paired with unrestricted grants and other federal incentives.

**Elective Pay is not a competitive process.** In most cases, eligible entities are not competing for funds, as the vast majority of these tax credits are not capped.

# Elective Pay - Eligible Entities



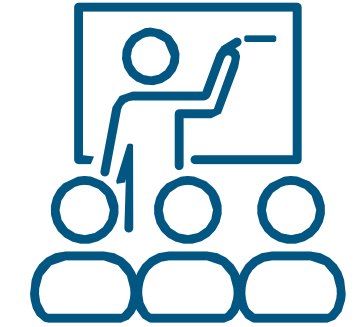
**State Governments**  
(the State of Michigan has used Elective Pay!)



**Local and Tribal Governments**



**Agencies & Instrumentalities of these Governments** (public school districts, transportation authorities, etc.)



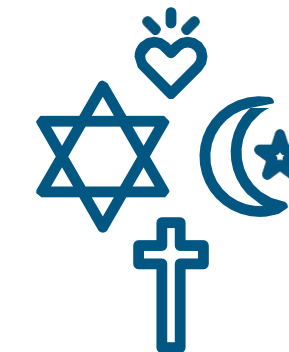
**Community Colleges & Public Universities**



**Non-profit Organizations**



**Rural Electric Cooperatives**



**Houses of Worship**

Any organization described in sections 501 through 530 that meets the requirements to be recognized as exempt from tax under those sections (including, among others, all organizations described in section 501(c)).

See IRS FAQ on eligibility [here](#)

# Elective Pay Eligible Investments

**Not all energy projects/investments are eligible for Elective Pay. Examples of eligible projects and purchases include:**



Solar power\* ✓



Geothermal ✓



Energy storage/batteries ✓



EV purchases\* ✓



EV chargers\* ✓

**Common energy projects/investments that are not eligible for Elective Pay include:**

- ✗ Energy efficiency measures
  - Windows
  - LED Lights
  - Insulation
- ✗ Heat pump installations (except ground-source heat pumps)

*\*H.R. 1 affects the existence of tax credits for these projects in the near-term*

# How Tax Credits are Calculated

- A tax credit's value varies based on the type of credit being claimed. Examples:
  - **% of project costs** (Investment Tax Credit, EV charging infrastructure credit)
  - **\$/amount of energy (or fuel) produced** (Production Tax Credit, etc.)
  - 3-step **analysis** for EV purchases
- The amount of the credit is based on:
  - Which **credit you are claiming** (based on the type of technology/project)
  - **Size** of the project and whether certain requirements are met (such as compliance with **labor** rules)
  - Whether the project qualifies for **“bonus” credits**
- Credits that are equal to a percentage of the project costs will require you to **determine which costs are “eligible costs”** (e.g., equipment, installation, etc.)
- **Smaller projects (<1 MW) are simpler** to calculate credits for

There are 12 tax credits that can be used with Elective Pay. [This](#) IRS fact sheet outlines all eligible tax credits, the type of qualifying projects, and the associated credit values.

# Calculating a Tax Credit

Projects Claiming the  
Investment Tax Credit or "ITC"  
(48E):

Examples: Solar,  
Geothermal



Projects <1MW

30%

Projects ≥1MW

6% or 30%

Projects smaller than 1 MW are exempt from Prevailing Wage & Apprenticeship (PWA) rules.

Projects 1 MW or greater must comply with PWA rules to receive the 30 % credit, otherwise will receive a 6% credit.

ALL Projects Claiming the  
Charging Infrastructure Credit  
(30C)

Examples: EV Chargers



Any charger installation

6% or 30%

All EV charger installations **must comply with PWA rules to receive the 30% credit**, otherwise will receive a 6% credit and **comply with Rural and low-income areas only** - check [map](#) for eligibility

# Tax Credit Bonus Opportunities

## **Bonus #1:**

Project is located in an **Energy Community** (all of Northern MI!)

## **Bonus #2:**

Solar or Wind projects (<5 MW) Located in **low income & Tribal communities**

## **Bonus / or Penalty #3:**

**Domestic Content ≥1MW** - Project uses a certain % of made-in-the-USA products (steel, iron, manufactured products)

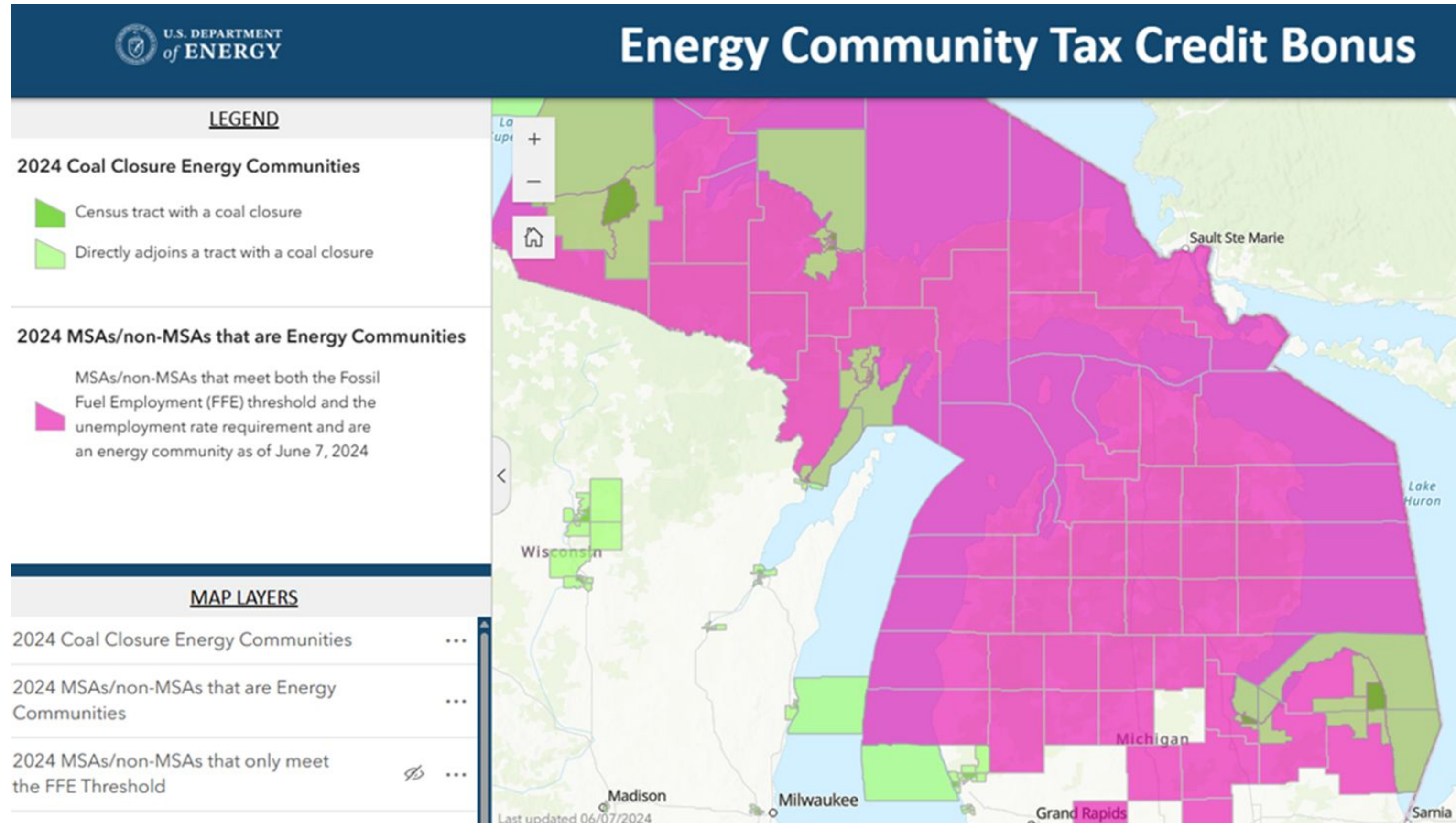
# Energy Community Tax Credit Bonus

**Bonus #1:**  
Project is  
located in an  
Energy  
Community (all  
of Northern MI!)

+ 2 percentage  
points on top of  
6% ITC base,

or

+10 percentage  
points on top of 30%  
ITC base



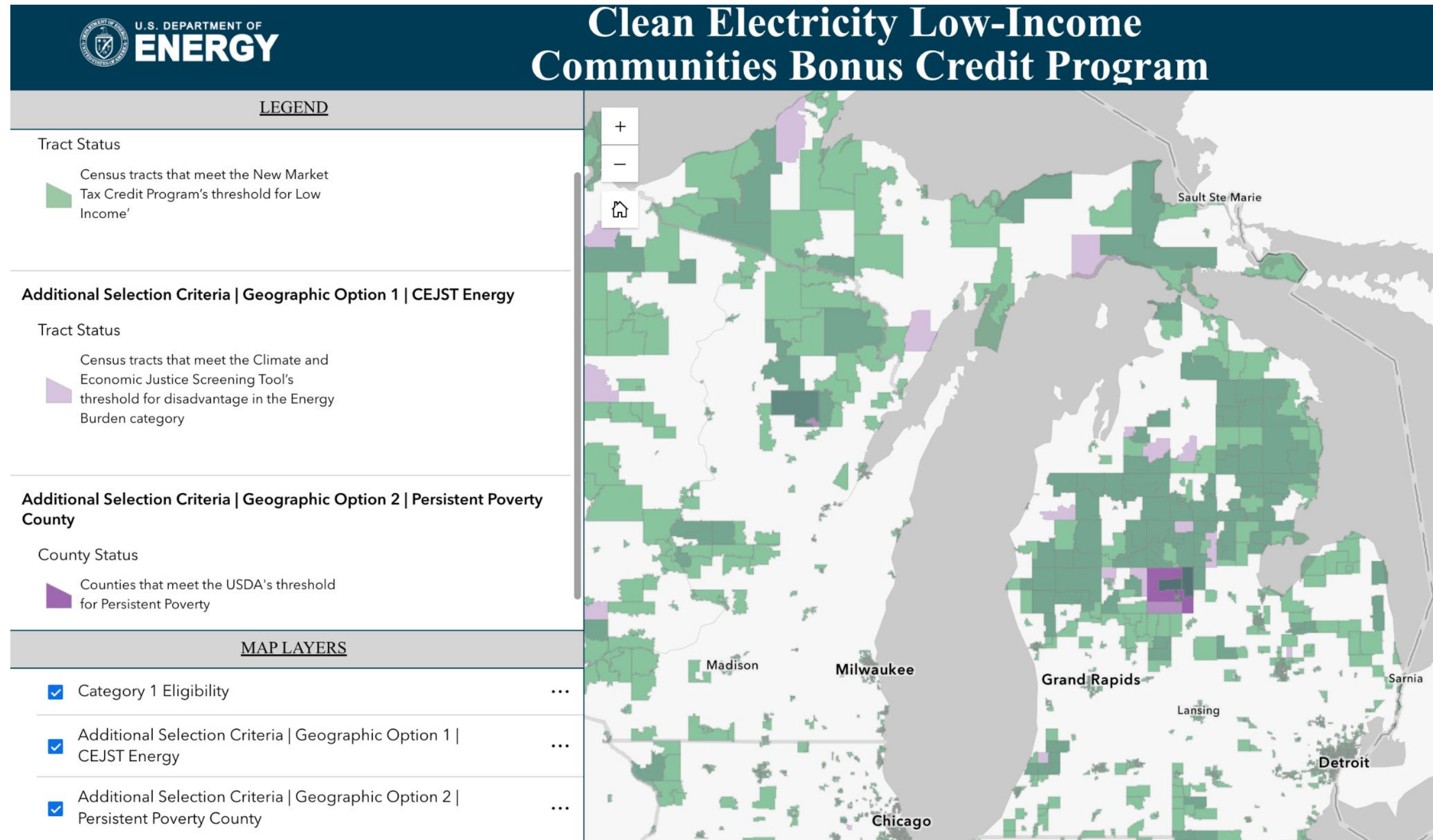
# Potential Bonuses for Low Income & Tribal Communities

**Bonus #2:**  
**Solar or Wind projects (<5 MW) Located in low income & Tribal Communities**

**+10 % for category 1 & 2 or 20 % for category 3 & 4 (ITC) added to 6% or 30%**

Visit the IRS website [here](#) for more information & to apply.

Note: **Requires an application to DOE & allotment** (competitive and capped)



# Bonus Credit or Penalty Domestic Content Requirements

■ **Bonus #3: Project uses a certain % of made-in-the-USA products (domestic content)** (steel, iron, manufactured products)

+ 2 percentage points on top of 6% ITC base, or  
+10 percentage points on top of 30% ITC base

**Or Penalty? Domestic Content requirement!!** If project is **>1MW** and **does not meet** these

■ requirements, *credit is reduced to 85% of credit amount if commenced construction in 2025, and 0% if commence construction 2026 and beyond.*



More details [here](#)



<https://troescorp.com/sky-solar-works-with-troes-launches-100kwh-30kw-bess/>

# What's changed with Elective Pay?

Here's a quick look at the key changes to select Elective Pay-eligible federal clean energy tax credits following the passage of the One Big Beautiful Bill Act (OBBBA).

Type of project & tax credit	Deadline <i>*Indicates shorter timeline following OBBBA passage</i>	How to <i>act now</i>
<b>EV chargers (30C)</b>	6/30/26*	Place infrastructure in service by 6/30/26.
<b>Solar** &amp; Wind** (48E)</b>	12/31/27*	Plan ahead! If beginning construction after 7/4/2026, must place in service by 12/31/27.
<b>Geothermal HVAC (48)</b>	12/31/34	No change! Start construction by the end of 2034 to claim this credit.
<b>Energy storage** (48E)</b>	12/31/35	Start construction by the end of 2035 to claim this credit.

# Tax credits – Things to know for 2026

- Next important deadline: 6/30/26
  - **EV chargers must be placed in service by this date in order to claim 30C tax credit**
- 7/4/26
  - **Solar and wind projects must begin construction by this date if they want the full 4 years to place in service**
  - **Begin construction after this date: must place in service by 12/31/27**
  - Remember! "Begin construction" defined by:
    - Small solar projects (< 1.5MW) can “start construction” by paying or incurring 5%+ of total final project costs
    - Large solar (> 1.5MW) & all wind projects must begin physical work of a substantial nature at project site

# Prohibited Foreign Entity (PFE) Rules

## Beginning 1/1/2026 - Solar, Wind & Energy Storage Technology:

- Restrictions for projects involving entities from **China, Iran, Russia, and North Korea** – **if noncompliant, cannot claim tax credit**
- **Applies to solar, wind, & energy storage (NOT geothermal or EV chargers)**
- **Installer should provide documentation of component manufacturers**

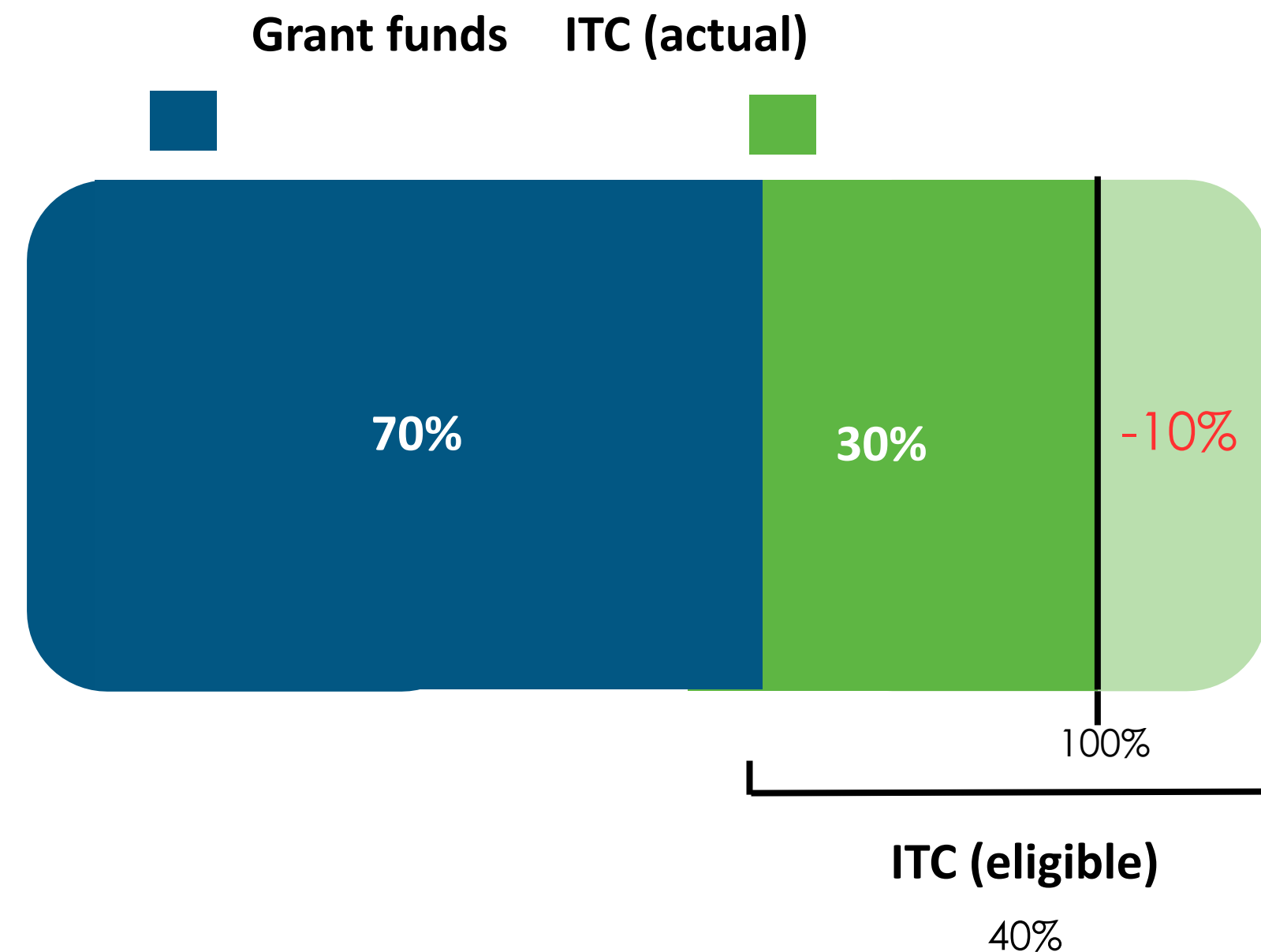
- 1. Entity-level restrictions - OWNERSHIP**
  - a. Disallow tax credits if the taxpayer is a “Prohibited Foreign Entity,” defined as either a “Specified Foreign Entity” or a “Foreign Influenced Entity.”
- 2. Payments restrictions - GRANTS, LOANS, BONDS**
  - a. Disallow tax credits if the taxpayer makes payments to entities that are considered Prohibited Foreign Entities
- 3. Material Assistance restrictions - SUPPLY CHAIN**
  - a. Disallow tax credits if a certain % of manufactured products (e.g., solar modules, nacelles) used in the project are made by Prohibited Foreign Entities.

\*Entity-level restrictions and payments restrictions apply to entities with a tax year starting after 7/4/25

# Braiding Funds - Grants / Fundraising

**No Excess Benefit Rule: Tax-exempt grant funds + tax credits cannot exceed 100% of eligible project costs. Tax credit value will be reduced to ensure this is the case.**

**Example:** If a project receives a grant covering 70% of project costs, the project may be eligible for a 40% Investment Tax Credit, but the **actual credit received** would be reduced to 30% so as not to exceed 100% of project costs.

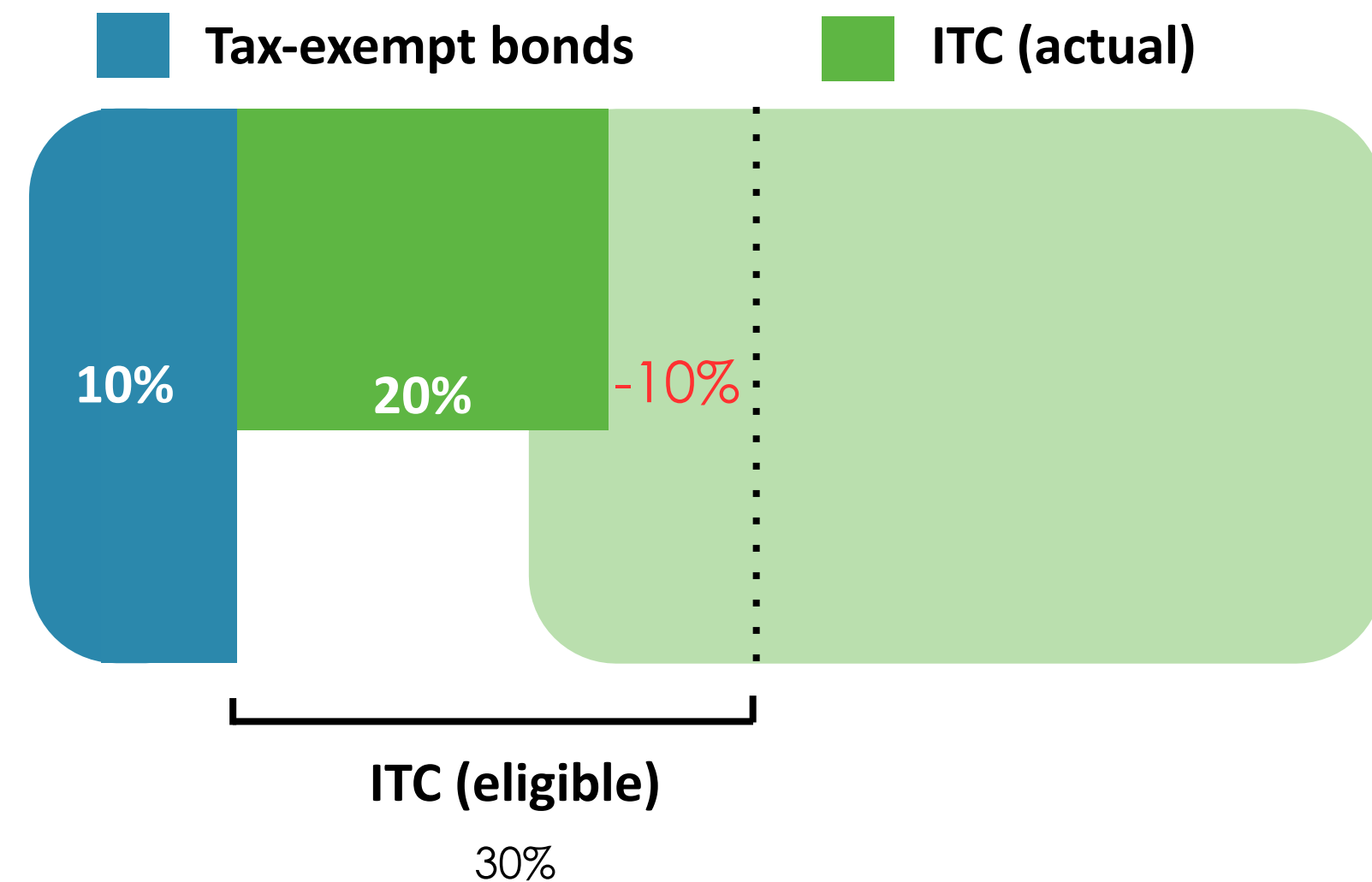


# Braiding Funds - Tax-Exempt Bonds

**Tax-Exempt Bonds Restrictions:** Using tax-exempt bonds to finance a project triggers a reduction in the value of the tax credit.

Reduction equal to % of project financed with tax-exempt bonds, up to **15% maximum**.

**Example:** Project uses a tax exempt bond to cover 10% of project costs. The project is eligible for a 30% ITC. The credit is reduced by the portion of the project financed with tax-exempt bonds (10%), resulting in a 20% credit.



# Elective Pay Process

**PRO TIP:** Gather project data & documentation, and ensure compliance with all relevant tax credit requirements *before* placing project in service.

## Step 7

Receive a check from the IRS (~45 days to 6 months after filing).



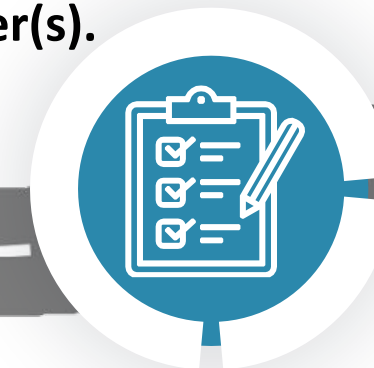
## Step 5

Within 60-120 days, receive project ID number(s).



## Step 6

File tax return & make the Elective Pay selection



## Step 4

Complete pre-filing registration the project(s) through IRS online portal ~ 120 days before filing tax return.



## Step 3

Compile project information & documents, and set up an ID.me account.



## Step 2

Identify the relevant tax credit(s), bonus credit(s), and your tax year/filing deadline.



## Step 1

Place the project in service.



# Elective Pay Questions



# Michigan Saves<sup>SM</sup>

Todd O'Grady | [togrady@michigansaves.org](mailto:togrady@michigansaves.org)  
Vice President of Partnerships, Michigan Saves

**THANK YOU!**

# **Funding the Work: Grants, Incentives, and Financing for Energy Projects**

**Jake Wilkinson** – Energy Unit Manager, EGLE

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