SUMMARY: ITC vs. PTC

For SunDrum Collectors:

- The **Incentive Tax Credit (ITC)** reduces project cost by **~57%**
- The **Production Tax Credit (PTC)** reduces project cost by **~47%**

COMPARISON: ITC vs. PTC

The ***Incentive Tax Credit (ITC)*** provides a rebate of ***30-40% of the cost*** of a system.

The ***Production Tax Credit (PTC)*** provides a rebate of ***2.75¢ - $3.05¢ per kWh (equivalent) produced*** by a system.

The **ITC** reduces the basis for **MACRS Depreciation and bonus depreciation.**
The **PTC** does not.

The value of the **ITC** is realized **in Year 1.**
The value of the **PTC** accrues **over 10 years.**

Summary of Investment Tax Credit (ITC) and Production Tax Credit (PTC) Values Over Time

			Start of Construction						
			2006 to 2019	2020 to 2021	2022	2023 to 2033	The later of 2034 (or two years after applicable year[a])	The later of 2035 (or three years after applicable year[a])	The later of 2036 (or four years after applicable year[a])
ITC	Full rate (if project meets labor requirements[b])	Base Credit	30%	26%	30%	30%	22.5%	15%	0%
		Domestic Content Bonus				10%	7.5%	5%	0%
		Energy Community Bonus				10%	7.5%	5%	0%
	Base rate (if project does not meet labor requirements[b])	Base Credit	30%	26%	6%	6%	4.5%	3%	0%
		Domestic Content Bonus				2%	1.5%	1%	0%
		Energy Community Bonus				2%	1.5%	1%	0%
	Low-income bonus (1.8 GW/yr cap)	<5 MW projects in LMI communities or Indian land				10%	10%	10%	10%
		Qualified low-income residential building project / Qualified low-income economic benefit project				20%	20%	20%	20%
PTC for 10 years ($2022)	Full rate (if project meets labor requirements[b])	Base Credit			2.75 ¢	2.75 ¢	2.0 ¢	1.3 ¢	0.0 ¢
		Domestic Content Bonus				0.3 ¢	0.2 ¢	0.1 ¢	0.0 ¢
		Energy Community Bonus				0.3 ¢	0.2 ¢	0.1 ¢	0.0 ¢
	Base rate (if project does not meet labor requirements[b])	Base Credit			0.55 ¢	0.55 ¢	0.4 ¢	0.3 ¢	0.0 ¢
		Domestic Content Bonus				0.1 ¢	0.0 ¢	0.0 ¢	0.0 ¢
		Energy Community Bonus				0.1 ¢	0.0 ¢	0.1 ¢	0.0 ¢

a "Applicable year" is defined as the later of (i) 2032 or (ii) the year the Treasury Secretary determines that there has been a 75% or more reduction in annual greenhouse gas emissions from the production of electricity in the United States as compared to the calendar year 2022.

b "Labor requirements" entail certain prevailing wage and apprenticeship conditions being met.

EXAMPLE: ITC vs. PTC

Incentive Tax Credit (ITC)		
	PV	**SunDrum**
System Cost	**$162,000**	**$351,000**
ITC %	*30%*	*40%*
ITC Value	**$48,600**	**$140,400**
MACRS Basis (%)	*85%*	*80%*
MACRS Value	**$28,917**	**$58,968**
Incentive Total	**$77,517**	**$199,368**
Net Cost	**$84,483**	**$151,632**
Incentive % of Total	*47.85%*	*56.80%*

Production Tax Credit (PTC)		
	PV	**SunDrum**
System Cost	**$162,000**	**$351,000**
PTC ¢/kWh	*2.75 ¢*	*3.05 ¢**
PTC Value	**$23,940**	**$92,202**
MACRS Basis (%)	*100%*	*100%*
MACRS Value	**$34,020**	**$73,710**
Incentive Total	**$57,960**	**$165,912**
Net Cost	**$104,040**	**$185,088**
Incentive % of Total	*35.78%*	*47.27%*

The **Incentive Tax Credit** reduces system cost by **45-60%**, with SunDrum Systems receiving greater savings due to the **domestic production bonus.** Under the ITC, the majority of savings can be claimed in **the first year.**

The **Production Tax Credit** reduces system cost by **35-50%**, with SunDrum Systems receiving greater savings due to the **domestic production bonus and increased energy generation.** Under the PTC, savings are claimed **over 10 years.**

After 2024, the **ITC will remain available for PV systems** while **SunDrum Collectors will only be eligible for the PTC.**

* Equivalent to 89.365 ¢/therm

Models assume a 125-panel system, priced at $3.20/W (PV) or $3.12/W (SunDrum). PV panels generate 607.5 kWh/yr; SunDrum panels generate 72 therms/yr. Assumes PTC value increases by 3% annually. Assumes a 21% federal tax rate for MACRS depreciation.