

Puerto Rico Sites

Solar Incentives

JUNE 2024

OVERVIEW

This document summarizes Tax Credits, Incentives, and Funding available for solar renewable energy development on Superfund Sites in Puerto Rico. The information is about economic incentives that municipalities and businesses can use to help fund solar projects.

Tax Credits for Businesses and Municipalities -- Inflation Reduction Act (IRA) Opportunities

The information below describes federal U.S. tax benefits that help businesses and local governments fund and lower the cost of installing solar renewable energy projects. Two tax credits are available for businesses and municipalities that purchase solar energy systems. Project owners cannot claim both the ITC and the PTC for the same property, but they may choose to fund co-located projects or equipment expenditures such as financing solar panels using one and taking the other incentive to help pay for a battery storage system.

Investment Tax Credit (ITC) reduces the federal income tax liability for a percentage of the cost of a solar system installed during the tax year.

Production Tax Credit (PTC) is a per kilowatt-hour (kWh) tax credit for electricity generated by solar and other qualifying technologies for the first 10 years of a system's operation. It reduces the federal income tax liability and is adjusted annually for inflation.

Tax Credit Bonus Project owners can also take advantage of a tax credit bonus if the location project falls within an energy or low-income income community. location-based incentives add a bonus on top of the ITC and PTC.

For more information, see: <https://www.energy.gov/eere/solar/federal-solar-tax-credits-businesses>



Figure 1: Close-up of a solar array at Global Sanitary Landfill in Old Bridge, New Jersey.

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

			2006 to 2019	2020 to 2021	2022	2023 to 2033	The later of 2034 (or two years after applicable year*)	The later of 2035 (or three years after applicable year*)	The later of 2036 (or four years after applicable year*)
ITC	Full rate (if project meets labor requirements**)	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 meets labor requirements**)	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*)	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 meets labor requirements*)	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 ¢

* "Applicable year" is defined as the later of (i) 2032 or (ii) the year the Treasury Secretary determines that there has been 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.

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

Source: Solar Energy Technologies Office. "Summary of Investment Tax Credit (ITC) and Production Tax Credit (PTC) Values Over Time." Energy.gov. August 2023. https://www.energy.gov/eere/solar/federal-solar-tax-credits-businesses#_edn8

CONTACT INFORMATION

Brenda Reyes, EPA Community Involvement Coordinator
Reyes.Brenda@epa.gov, (787) 977-5869

Agnela Pastor Ortega, NREL Project Manager
angela.ortegapastor@nrel.gov, (303) 384-6156

