



Energy Tax Credits

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— International President
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IBEW POLICY BRIEF

GOVERNMENT AFFAIRS DEPARTMENT LEGISLATIVE ACTIVITY

Energy Tax Credits

The International Brotherhood of Electrical Workers (IBEW) supports Congress allowing regulated electric utilities being able to opt out of their current obligation to “normalize” federal investment tax credits (ITCs) over a long period of time and allow regulated utilities to compete on a level playing field as independent energy developers who are not required to normalize federal ITCs.

Regulated utilities are obligated under federal law to divide and spread, or “normalize” a federal ITC benefit to customers over the entire life of an asset, which is typically at least 20 years, but often longer. Deregulated companies (or independent power producers) are not subject to the same normalization rules as regulated electric companies, meaning they can share ITC benefits much faster with their customers. As a result, regulated electric companies are at a competitive disadvantage when proposing new investments in clean energy technologies. Regulated utilities should be permitted to account for federal ITCs, such as the Section 48 solar tax credit, in the same manner as independent power producers do — by allowing their customers to realize the benefit of the tax credit as soon as they can, usually within the first five years of the investment.

Regulated electric utilities are among the largest employers of IBEW members, and in total, nearly a quarter million IBEW members hold full-time positions in the utility sector. It is paramount that IBEW’s members and their employers be allowed to compete on an equal basis as the independent power producers, which can utilize federal ITCs without the requirement to normalize.

Pending Priorities

There is currently an effort in Congress to provide regulated electric utilities an option to opt out of tax normalization requirements for federal ITCs that will be created or reauthorized under the proposed Build Back Better Act (H.R. 5376). The IBEW supports a normalization opt-out for regulated utilities for federal energy ITCs in the Build Back Better Act, which includes the current solar tax credit, but would also create new ITCs for investment in high-capacity electric transmission and energy storage. Allowing IBEW members to compete under the same set of rules will help make the growing clean energy sector a significant source of middle class union jobs a reality.

There is growing momentum for legislation dealing with energy taxes to be considered and voted on before the end of July 2022.

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