



2023 MAAE
September 12, 2023

MI Legislation, Inflation Reduction Act (IRA), Impacts/Benefits to Airports

Veregy, LLC, is not a legal, tax, investment, or financial advisor, nor does Veregy directly finance any projects. Veregy, LLC's content is for informational purposes only; any content readers should not construe any such information or other material as legal, tax, investment, or financial advice. Regardless of anything to the contrary, nothing available on or through Veregy LLC's business practices should be understood as a recommendation that an individual or organization should not consult with a legal, tax, investment, or financial professional to address their particular circumstances.



Energy Efficiency



Building Automation



Engineering & Design



HVAC



Lighting



Smart Building



Construction Management



Distributed Energy



Building Envelope



Water & Wastewater



Electrical Distribution & EV Infrastructure



Analytics & Monitoring

What We Do

- No Cost Assessment of Facility & Operations
- Renewable Energy Solutions
- Turnkey Project Implementation
-Development, Mgt., Procurement & Implementation
- Optimize Financial Performance
-Energy & Cost of Operations
- Maximize Local Contractor Participation
- Self-Funding Projects
- Design-Build Projects
- Infrastructure Renewal
- Digital Services

Veregy's Airport Experience



Inflation Reduction Act (IRA) (H.R. 5376)

August 16, 2022, President Biden signed the Inflation Reduction Act (IRA) (H.R.5376). **The IRA will put 386 billion dollars into climate and energy programs over a 10-year timeframe.** The IRA can greatly assist airports implement sustainability plans, reduce energy consumption and provide relief to rising energy costs!

- Updates and expands previous Renewable Energy Incentives
- Federally Funded, but **not** managed through FAA
- Increased Incentives: 30%-70% of Project Cost
- New Direct Pay Option for Units of Government & Non-Profits!

Renewable Technologies Included in the IRA:

- Solar
- Battery Storage
- Geothermal
- Microgrids
- Electric Vehicles (EV)
- EV Charging
- Small Wind
- Fuel Cell
- Combined Heat/Power
- Hydrogen Production
- Biogas Conversion
- Hydropower

Airport budgets continue to be stretched as energy prices rise

Decreasing usage w/Energy Conservation



Increased Utility Budgets



Adders & Multipliers

The IRA created a mechanism for "Adders and Multipliers" to be combined with a "Base Rate" that theoretically could result in **up to 70% total savings** under the ITCs.

PROJECTS UNDER 1 MW AC

Base ITC	30%
Domestic Content	10%
Energy Community	10%
Low Income Comm.	10%

PROJECTS OVER 1 MW AC

Base ITC	6%
Domestic Content	2%
Energy Community	2%
Low Income Comm.	2%
Labor Multiplier	5x

Labor (5 x Multiplier)

- Apprenticeship Standard
- Prevailing Wage
 - During project construction
- &
- 5 years post construction for ITC

Domestic Content Adder

- New Term being defined by Treasury
- 100% steel / iron
- &
- 40% remaining material \$ through 2025
 - Increases 45% - 55% through 2032+

Low-Income Community

- 10% or 20% Depending on facility type
- System Sizes of 5mW or Less
- Census tract with 20% Poverty rate or >
 - or
- Median family income < 80% of statewide or the metropolitan area median family income.

Energy Community Adder

- Superfund or Brownfield sites
 - or
- Census tracts in or adjacent to:
 - Coal mine closed after 1999
 - or
 - Coal power plant retired after 2009
- &
- Metropolitan Statistical area with:
 - 1) Unemployment rate above the national average
 - &
 - 2) $\geq 0.17\%$ of employment or 25% of local tax revenues related to fossil fuels

SUMMARY OF IRA INCENTIVES

Airports Max 60% Project Savings
Developer & Airport = 40%
Geography & Census Data = 20%

Jackson County Airport & County-Wide Energy Project

JACKSON, MI



Total Project Cost Before Federal Funding: \$28,132,751

Total Federal Funding (IRA/ARPA): \$13,709,245 (~49% Cost Reduction)

Total Estimated Project Cost After Federal Funding: \$14,423,506

Total Projected 20-Year Energy & Operations Savings: \$26,933,506

Total Project 20-Year Positive Cash Flow: \$3,894,314



Airport Project Cost: \$1,513,214

Airport Federal Funding: \$253K IRA + \$701K ARPA

Airport 20-Year Savings: \$1.7M



"We have always sought ways to reduce our environmental footprint and reduce our energy costs. This project does both, and improves the comfort and quality of our employees' lives while at work. We are very pleased to partner with Veregy, an industry leader in the field."

- Michael Overton, Administrator/Controller

Airport Scope of Work

- Covered Solar Carport Parking
- LED Lighting Upgrade
- Building Controls & Automation
- HVAC Replacement
 - (2) New Indoor Air Handling Units
 - (1) New Chiller
 - (2) New Packaged AC Units
 - (1) New Mini Split Unit

County-Wide Energy Conservation/Facility Improvement Measures



Geothermal & Solar



HVAC Upgrades



Building Automation



LED Lighting



EV Charging



Wastewater Treatment



Orchestrate



Monitoring & Analytics



Providing Airports Nationwide with Energy Savings & Revenue Solutions

