INDUSTRIAL POLICY

The Inflation Reduction Act is aimed at improving EV affordability: New incentives for new & used vehicles

2022
• $7,500 if...
  • North American assembled
  • Not GM or Tesla
  • Adds FCEV to the program

Starting 1 January 2023
• $3,750/$3,750 if...
  • Battery components & critical minerals content requirements met
  • MSRP < $55K cars/ $80K trucks/vans/SUVs
  • AGI cap $300K/225K/150K
  • 7 kWh minimum
  • $4,000 or 30% of sales price for used EVs <$25K & 2+ years old with AGI $150K/112.5K/75K

Starting 1 January 2024
• No “entity of concern” battery components (China, Russia, Iran, North Korea)

Starting 1 January 2025
• No “entity of concern” battery components or critical minerals

New Commercial Clean Vehicle Tax Credits
• Up to $7,500 for GVW <14K pounds and $40K for GVW >14K pounds
• It appears there are no North American assembly, critical minerals or battery component content requirements
• Leases qualify
INDUSTRIAL POLICY

The Inflation Reduction Act aims to lower producer costs, too

Manufacturing Tax Credits
- $35/kWh for battery cells produced
- $10/kWh for battery modules
- 10% of cost incurred for critical minerals

Domestic Manufacturing Conversion Grants
- Grants for re-equipping, expanding, or establishing a U.S. manufacturing facility to produce BEV, PHEV, PEV, or FCEVs

Advanced Energy Project Credit
- For establishing, expanding, or re-equipping facilities for producing a wide array of clean energy products including advanced light-, medium-, & heavy-duty vehicles, energy storage (batteries), & fuel cell equipment

Advanced Technology Vehicle Manufacturing
- Adds funding to program to make direct loans for the cost of establishing or expanding U.S. manufacturing facilities that produce low or zero GHG vehicles or components

Infrastructure Investment & Jobs Act
- $7.5B in formula & competitive grants to incentivize EV charging build-out
- Funding for grid upgrades & resilience
- $9.5B in clean hydrogen manufacturing programs
