



ICYMI: E&E News: Quirky California clean energy tax could cost ratepayers, report says

SACRAMENTO — California is making solar and wind projects more expensive by taxing an Inflation Reduction Act benefit that most states don't tax. A new analysis from consulting firm E3 shows how the tax affects electric bills.

E&E News [recently reported](#) on the analysis and its conclusion that electricity customers could pay 3 percent more by 2040 if California continues to tax transactions involving the IRA's clean energy credits.

"Under the [IRA], developers of clean energy projects could sell the tax credits to other parties, such as large corporations or banks as a way to leverage those benefits to improve financing," the story states. "That law also stated that under the federal tax code, those sales wouldn't be taxed.

"While most states either automatically adjusted their tax code or did so through legislation, California and four other states did not. That means that as developers put together large wind, solar, storage and other projects in the Golden State, they face an unexpected tax bill."

Those taxes raise the prices utilities pay for the power, driving up electricity rates. Legislators and Gov. Gavin Newsom's administration have an opportunity to let ratepayers keep a little more of their money. They can pass Sen. Steve Padilla's SB 302 to align California's tax code with the federal code, providing the same benefit here that developers enjoy in Florida, Georgia, Nevada and other states.

American Clean Power-California Executive Director Alex Jackson told E&E that passing the bill is a "no-brainer," representing "another arrow in that affordability quiver that the state needs to take seriously."

The E3 study was commissioned by SB Energy, ACP-CA, the Solar Energy Industries Association and Large Scale Solar USA.

Read the full story [here](#).

The American Clean Power Association is the leading voice of today's multi-tech clean energy industry, representing energy storage, wind, utility-scale solar, clean hydrogen, and transmission companies. ACP is committed to meeting America's energy and national security goals and building our economy with fast-growing, low-cost, and reliable domestic power. Learn more at cleanpower.org.