



Washington State 2025  
**SOLAR SUMMIT**

Advancing Solar in a Time of Uncertainty

October 24, 2025 | South Seattle Community College



## *Session 2*

# What Remains of Federal and State Financing and Incentives?

**Moderator: Chris Brown, Holland & Knight, Solar Washington**

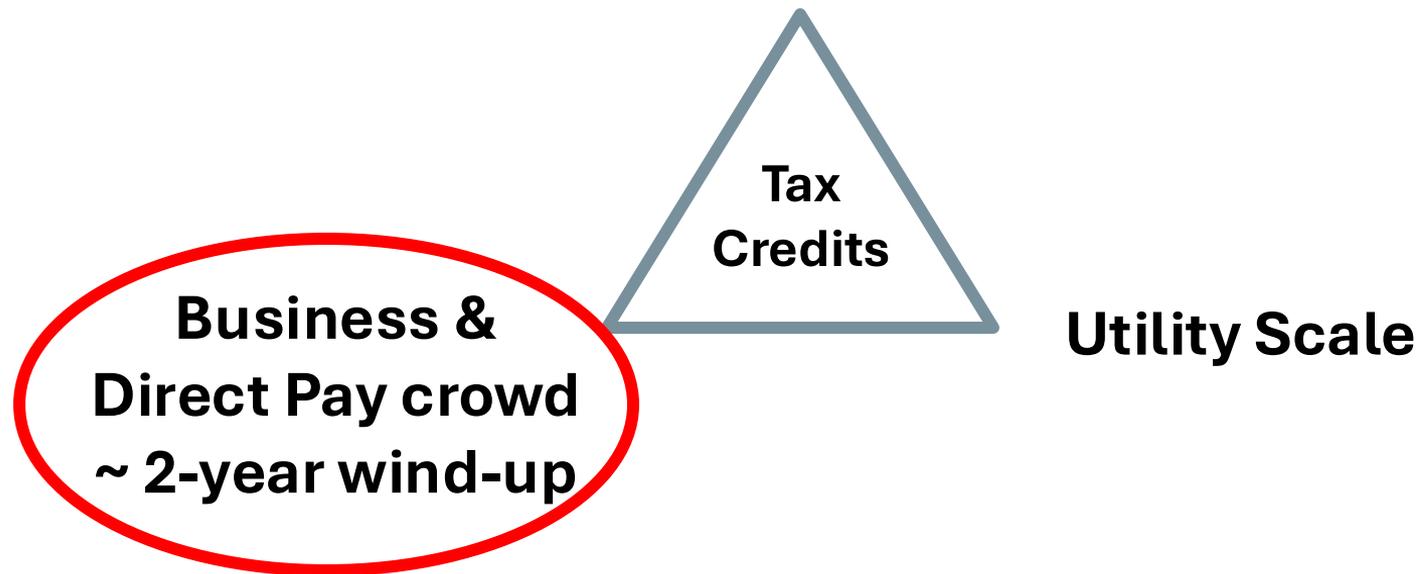
**Featuring: Jill Eikenhorst, Depart of Commerce;**

**Eli Lieberman, Washington State Green Bank;**

**A.C. Meyer, Lawyers for Good Government**

# Roadmap Item – IRA Tax Credits

Homeowners – ends 12/31/25



## Roadmap Item – IRA Grants

**Solar for All  
Funds**

**(\$7b total, \$156m to WA)**

**Ended by  
EPA**

**Greenhouse  
Gas Reduction  
Fund**

**(\$20b total)**

**Ended by  
EPA**



# For Education and Information Only

**Today's discussion provides a high-level overview only and should not be considered direct legal advice. Please consult your in-house attorney and your finance officer about your specific matter.**

**Disclaimer:** The information provided in this presentation does not, and is not intended to, constitute legal advice; instead, all information, content, and materials available from this presentation and associated materials are for general informational purposes only. Information contained in any associated materials or website may not constitute the most up-to-date legal or other information.



# H.R. 1 Changes for Solar & Wind

H.R. 1 shortened the timelines to claim the clean electricity investment tax credit (ITC) under Section 48E and the production tax credit (PTC) under Section 45Y for solar and wind energy property.

## Solar and Wind:

- Solar and wind facilities and property that begin construction on or before July 4, 2026, it remain subject to the pre-H.R. 1 eligibility timeline.
- Solar and wind facilities and property that begin construction after July 4, 2026 must be placed in service on or before **December 31, 2027**.





# H.R. 1 Changes for Other ITC Technologies

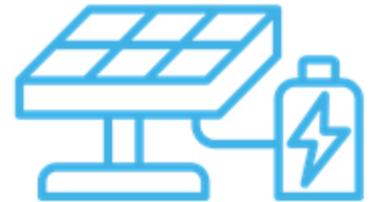
**H.R. 1 did NOT make changes to the timelines for other technologies that are eligible to claim the ITC.**

Other technologies: Energy storage, geothermal, hydroelectric, etc.

- Many kinds of energy storage qualify, including chemical batteries and storage systems such as pumped hydro.

Timeline for non-solar & non-wind technologies is unchanged:

- Must begin construction by the end of 2033 to claim the full amount of credit
- Can begin construction in 2034 or 2035 but received reduced credit





# Beginning of Construction (BOC) Generally

## Governing Guidance

- **IRS Notices 2013-29 and 2018-59** provide the primary methods entities can use to establish **beginning of construction** for credit eligible property and facilities for the ITC and PTC, including sections 48 & 45, the predecessors to the tech neutral sections 48E & 45Y.
- These methods were confirmed to apply to sections 48E & 45Y by **Notice 2022-61**.

## Two Methods to Establish Beginning of Construction

### 1. Physical Work Test Safe Harbor:

- “Physical work of a significant nature” is performed on the eligible property or facility.

### 2. Five Percent Costs Safe Harbor:

- 5% or more of total cost of eligible property (including overruns) is paid or incurred.

## Ongoing Requirement

In both methods, the **entity must show continuous progress** toward completion to preserve the construction start date – safe harbor for roughly four years.



# Beginning of Construction – Continuity

## Continuity of Construction (Generally):

- Pay/incurred additional amounts included in total costs
- Entering binding written contracts to make components
- Obtain necessary permits
- Performing additional work of a significant nature

## Delays that are outside the property owner's control will generally not cause the owner to fail the continuity requirement:

- Severe weather, natural disasters
- Delays in obtaining permits
- Delays due to supply shortages or financing issues
- And more...

## Documenting delays is critical!



# Solar & Wind BOC Safe Harbors (48E & 45Y)

## Beginning Of Construction Safe Harbors ONLY for Solar and Wind Energy Phase-out – On or after September 2, 2025

- **Recent guidance with safe harbors for Solar / Wind Phase-out**
  - Under Notice 2025-42, there are special restrictions on how to establish beginning of construction for the purpose of determining whether the 2027 placement in service date applies
- **Notice 2025-42 does not change how the methods work**
  - Does restrict which beginning of construction safe harbor may be used for wind and larger solar projects
  - *Only applies when determining if property is subject to the 2027 placement in service deadline! Does not cover deadlines for prohibited foreign entity restrictions.*
- **Solar property over 1.5 MW and all Wind property**
  - Must use the Physical Work Test and cannot use 5% Safe Harbor.
- **Solar property not over 1.5 MW nameplate capacity**
  - May continue to use either Physical Work Test or the 5% Safe Harbor.



# Other Beginning of Construction Dates (48E & 45Y)

All Other Technologies (not wind or solar > 1.5 MW) May Use Either Physical Work Test or 5% Safe Harbor for any purpose

## On or Before December 31, 2025

- **Property that begins construction on or before this date**
  - **Not subject** to the new Prohibited Foreign Entities (PFE) material assistance restrictions.
  - **Simplified documentation** requirements for materials sourcing and funding.
  - **May** still be subject to other PFE restrictions depending on an entity's taxable year.
    - i. PFE payment rules and entity-level rules apply to projects that begin construction in taxable years that begin on or after July 5, 2025.

## Between January 1, 2026, and July 4, 2026

- **Must comply** with PFE-related material assistance restrictions.
- **May** be subject to other PFE restrictions depending on an entity's taxable year.

## After July 4, 2026

- **Must comply** with **all** PFE-related restrictions (material assistance, payment, and entity-level).

# Washington State Green Bank

Solar Summit

Eli Lieberman

Friday, October 24, 2025

[wagreenbank.org](http://wagreenbank.org)



# Project Finance for Clean Energy

## Finance bridges the gap between today's costs and tomorrow's benefits:



- Source upfront capital



- A project's capital stack refers to the layering of capital from multiple sources to cover full project costs (e.g. equity, grants, rebates, debt, etc...)



- Borrowers pay back project costs over time, often with project savings or revenue



- The cost and term length of capital can have a major impact on overall project costs

Source: S2 Strategies. July 10, 2025. "Clean Energy Finance: How State Agencies Can Support Local Governments in Financing Clean Energy Projects." Presentation, Conveners Network, Portland, OR.



## Credit Enhancements

De-risking a private lender's investment to encourage lower interest rates, expanded access to underserved communities, or both.

- Loan loss reserves
- Loan guarantees
- Interest rate buydowns

## Balance Sheet Lending

Directly lending using the Green Bank's capital funds and charging a market-rate or concessionary rate.

- Direct lending
- Subordinated debt
- Bridge financing
- Participation lending
- Working capital lending

## Market Building

Supporting a market for clean energy in low-income and disadvantaged communities.

- Contractor network
- Project pipelines
- Technical assistance

# Typical Green Bank Projects



**Solar panels (or other  
renewable energy)**



**Energy storage and  
grid resiliency**



**Zero-emission vehicles  
(electric or hydrogen)**



**Energy efficient  
retrofits or installations  
(HVACs, windows, etc.)**



**Geothermal heating  
(heat pumps)**



**Electric charging  
infrastructure**

# Residential Solar and Green Banks

- Green Bank's across the country are animating residential solar markets, particularly in low-income and disadvantaged communities. By using loans instead of grants, they create scalable, self-sustaining models.



## Maryland residential solar loan program sees success in rough market

“In just a few months, we saw enough loan demand to meet our entire annual budget,” said Rokas Beresniovos, a senior director with the Montgomery County Green Bank.

Published June 12, 2025

## NY Green Bank Loans Catalyze \$100M to Finance Community Solar Projects

Community solar offers an alternative and sometimes more accessible type of renewable energy. Some microgrid developers are interested in community solar as part of their projects.

# Commercial Solar and Green Banks



NEWS

**Connecticut Green Bank more than doubles funding for commercial-scale solar projects to US\$110 million**

By [JP Casey](#)

- Green Banks provide significant leverage on public sector resources. For example, the CTGB has a 7:1 leverage ratio, which can turn a \$110 million investment into \$770 million in commercial solar projects.



**Howard University Boosts Campus Sustainability with Solar**

By [Joe Bebon](#), Editor | Jun 21, 2024 | [Green Building, Sustainability/Business Continuity](#)

The **Washington State Green Bank (WAGB)** is a 501(c)(3) nonprofit financial institution formed with help from the Climate Commitment Act, the Washington State Department of Commerce, and the City of Seattle.

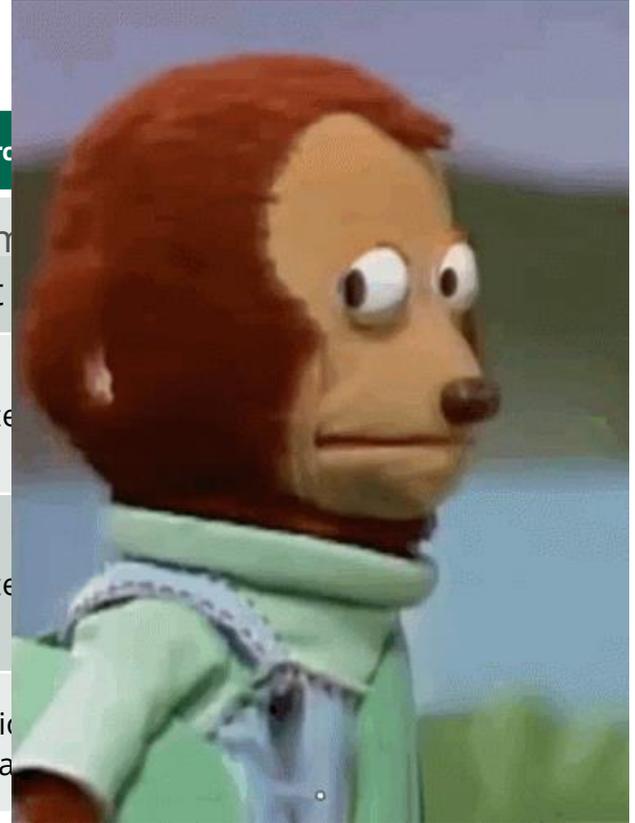


# Washington Market Scan - Barriers

- **Fragmented financing landscape:** Existing climate finance products are isolated by geography and market segments
- **Lack of low-cost, flexible capital:** Current lenders face capital constraints, limiting their ability to meet growing demand
- **Customer and contractor uncertainty:** Inconsistent programs inhibit contractor business investment and customer confidence
- **Scale:** 3.4 million residential and 85,000 commercial properties statewide. Significant capital needed.
- **Limited workforce development:** Insufficient contractor network is unable to meet climate goals
- **Split incentive problems:** Landlord/tenant dynamics discourage energy investments
- **Small building gap:** Limited solutions exist for small commercial buildings (90% of stock)
- **Equity access issues:** Underserved communities face higher barriers to participation

# Green Bank Capitalization

	Capitalization	Source
<b>Washington State Green Bank</b> <i>501(c)(3)</i>	<b>\$800,000 initial</b>	Clim Act
<b>Minnesota Climate Innovation Finance Authority</b> <i>Public</i>	\$45,000,000 initial	State
<b>Collective Clean Energy Fund (Colorado)</b> <i>501(c)(3)</i>	\$35,000,000 initial	State
<b>Connecticut Green Bank</b> <i>Quasi-public</i>	\$30,000,000 (approx. annual)	Regio initia



# Traditional Green Bank Funding Sources

## Philanthropy

### Operating Grants

- Support administration

### Permanent Capital

- Contribute to self-sustainability

### Program-Related Investment (PRI)

- Low-interest loans with a margin for green bank in projects
- Could be forgivable

## Private Capital

### Mobilize

- Co-invest in projects to deploy private investment

### Secure Financing

- Borrow from banks and lend to projects (higher rate but large pool)

## Government

### Municipal Finance

- Bonds
- Conduit financing

### Budget Appropriations

- Cover operating expenses through local or state government contributions

### Grants

- Pursue grants for bank capital or operating expenses



Washington State  
Green Bank

**Thank you.**

[wagreenbank.org](http://wagreenbank.org)

Eli Lieberman  
Executive Director  
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# Solar funding opportunities

2025 Solar Summit

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Jill Eikenhorst

SOLAR SECTION MANAGER

10/24/202



Washington State  
Department of  
**Commerce**

# We strengthen communities



HOUSING AND HOMELESSNESS



INFRASTRUCTURE AND BROADBAND



SMALL BUSINESS ASSISTANCE



ENERGY



PLANNING AND TECH ASSISTANCE



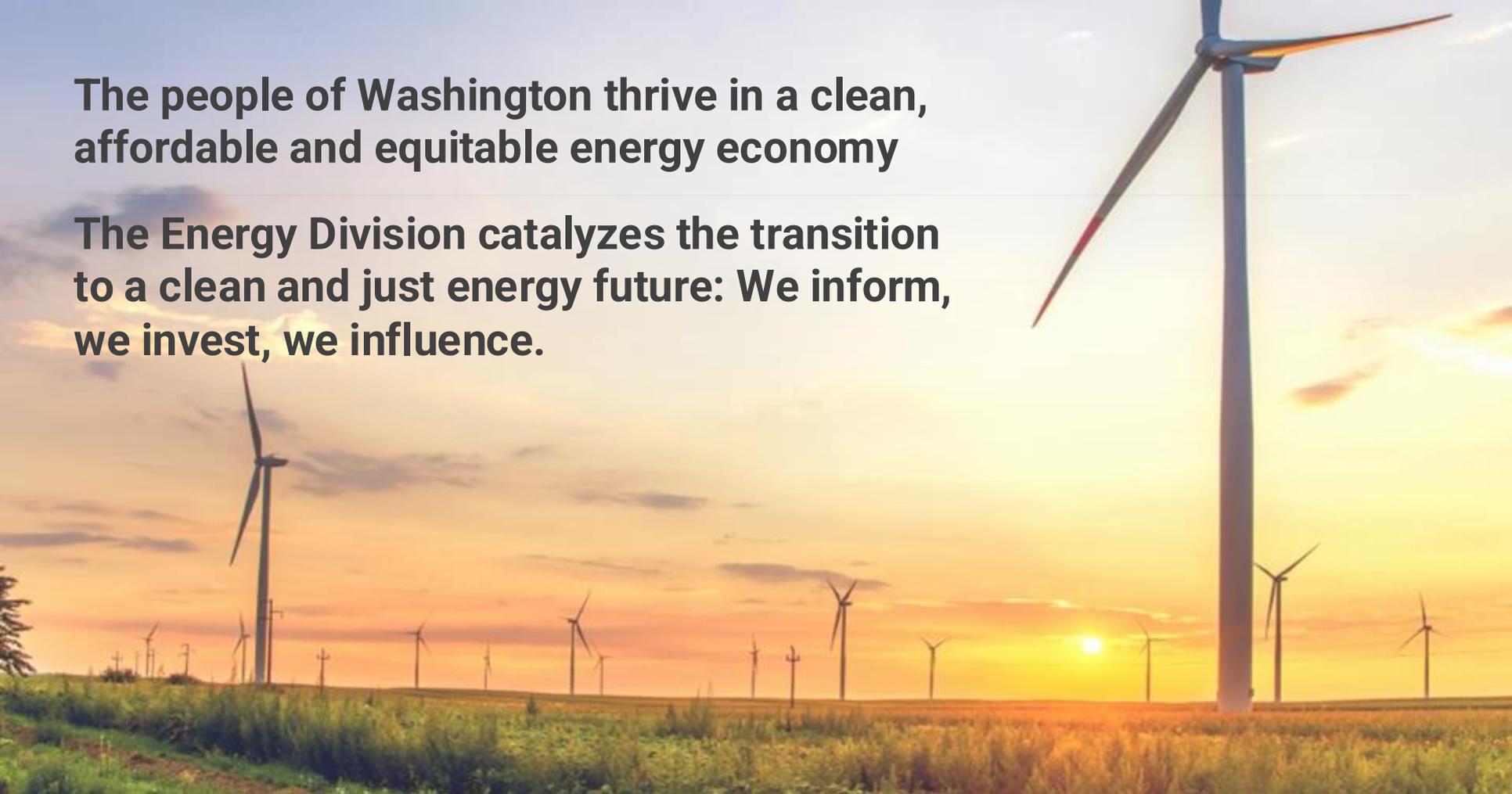
COMMUNITY SERVICES



CRIME VICTIMS AND PUBLIC SAFETY



ECONOMIC DEVELOPMENT



**The people of Washington thrive in a clean,  
affordable and equitable energy economy**

**The Energy Division catalyzes the transition  
to a clean and just energy future: We inform,  
we invest, we influence.**

# State Energy Office Funding Opportunities

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Clean  
Transportation

Clean  
Buildings

Home Energy  
Rebates

Weatherization

Energy  
Programs in  
Communities

Technical  
Assistance

# 2025 solar programs



# Funding opportunities for solar

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## Clean Energy Grants

- **\$32 million** for a broad range of clean energy projects and applicant types
- **Due November 4**

## Tribal Clean Energy Grants

- **\$9 million** for tribe-led clean energy projects
- **Due November 4**

## Clean Energy Siting and Permitting

- **\$4.85 million** for tribes and local governments to complete clean energy siting and permitting projects
- **Due October 9**

## Coming soon:

- **RD&D** – RFI to assess interest in funding for innovative technologies

# Clean Energy Grants - \$32 million

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- **Eligible applicants include:**
  - State, tribal, local governments
  - For-profits
  - Nonprofits
- **Eligible projects include:**
  - Solar and/or storage
  - Other renewable techs
  - Planning or construction
- **Solar and storage feasibility studies available only through technical assistance**
- **Match requirements**
  - For-profits: 50% (1:1)
  - All others: no match required
- **Award amounts**
  - Planning:  
\$50,000-\$100,000
  - Construction:  
\$75,000-\$2,500,000
- **Construction-ready projects will be prioritized**

# Tribal Clean Energy Grants - \$9 million

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- Tribes and tribe's contracted service providers
- Eligible projects include:
  - Solar and/or storage
  - Planning or construction
  - Other renewable techs
- Technical assistance available for solar and storage feasibility studies, or cash grants
- Match: not required
- Award amounts
  - Planning: \$50,000-\$200,000
  - Construction: \$75,000-\$2,500,000

# Technical assistance

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## Solar and storage feasibility studies

- No-cost feasibility studies
- Simple application through Clean Energy Grants and Tribal Clean Energy Grants
- Funding for construction without an additional application

## Clean Energy Tax Credit Assistance Program (CETCAP)

- Navigate tax credit requirements and deadlines
- Connect with funding and technical resources to qualify for safe harbor rules and meet high-priority timelines
- File tax credits correctly and on time

# Stay connected

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- **Website:** <https://www.commerce.wa.gov/epic/>
- **Subscribe for updates**

Subscribe

To sign up for email updates from the State Energy Office or access your subscriber preferences, please submit your contact information.

\*Email Address

Submit



- **Email:** [EPICGrants@commerce.wa.gov](mailto:EPICGrants@commerce.wa.gov)

# Thank you!

Jill Eikenhorst

SOLAR SECTION MANAGER

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360-522-0000

Questions for open RFAs

[EPICgrants@commerce.wa.gov](mailto:EPICgrants@commerce.wa.gov)



Washington State  
Department of  
**Commerce**

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