

## EXPLORING THE IRA

### Purpose

Exploring real-world example of ways that targeted action will help you better understand how we can reduce green premiums and increase adoption of low- or zero-carbon technologies.

### Process

1. Read the article below, and then answer the questions.

#### **The First IRA Tax Credit Data Is In**

Adapted from an article by Emily Pontecorvo and Robinson Meyer

Heatmap, <https://heatmap.news/economy/ira-tax-credit-data>

More than 3 million American households used the Inflation Reduction Act (IRA) subsidies for homeowners last year, collectively saving more than \$8 billion on things like solar panels, batteries, heat pumps, insulation, and other clean energy technologies and efficiency upgrades.

That's according to new data released Wednesday by the Treasury Department, which provided the most significant insight yet into how Americans are actually using the IRA. Polling had so far suggested that Americans were curious—if confused—about the law's benefits, but until today, there was no official data available to back up those impressions.

The data sheds light on usage of two tax credits in particular, one of which encourages Americans to make energy efficient changes to their home, for example, installing a heat pump or a more -efficient water heater, the other of which go toward installing rooftop solar or another form of zero-carbon energy generation.

Of the more than 137 million tax returns the government had processed by late May, some 3.4 million of them—or approximately 2.5%—took advantage of at least one of these two subsidies. That's about 30% more people than used similar, though less generous tax credits in 2021.

Not all the data flatters the Biden administration's goals, however. The tax credits—especially those that reward energy-efficient home upgrades—are used in large part by richer households who have the money and wherewithal to pay for costly upgrades to their homes in the first place.

## ANALYSIS: UNDERSTANDING THE GREEN PREMIUM

2. What role does the Inflation Reduction Act (IRA) play in lowering the green premium of clean energy technologies?

3. What issue is highlighted regarding who has benefited the most from IRA tax credits?

4. What's one possible way to overcome this issue?

### Optional Extension:

1. Research more about the Inflation Reduction Act to identify another area in which the legislation addresses the green premium for adopting that technology. Use these questions to guide your research:
  - What specific provisions are available for this technology under the IRA, and how do they reduce costs?
  - What long-term impacts could these incentives have on the adoption of the technology?
  - What impact has it had so far?
  - What obstacles or limitations has it faced?
2. Write a detailed analysis based on your research. You can choose to write a factual news report, share your perspective in an opinion piece, or propose a plan for further action.