

# The Big Beautiful Bill and Impact to C&I Onsite Energy Projects

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SPEAKER

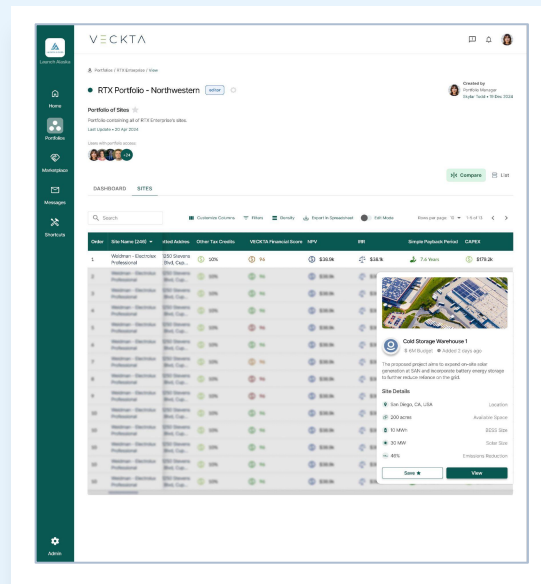
Dan Roberts



- Co-founder at VECKTA, leading go to market
- Co-host of Renewable Rides podcast
- Led sales teams across highly regulated industries including fintech, healthcare, and digital identity
- MBA, UCLA; BS Environmental Science, UCSB; Financing & Deploying Clean Energy, Yale
- Dad, husband, and sailor

# Who is VECKTA?

Built for businesses to strategically **plan, configure, buy, and scale** onsite energy systems



## Where

Identify your Highest Value Opportunities

## What

Configure the Perfect System for Your Needs

## Who

Get the Best Supplier and a Great Deal at Every Site

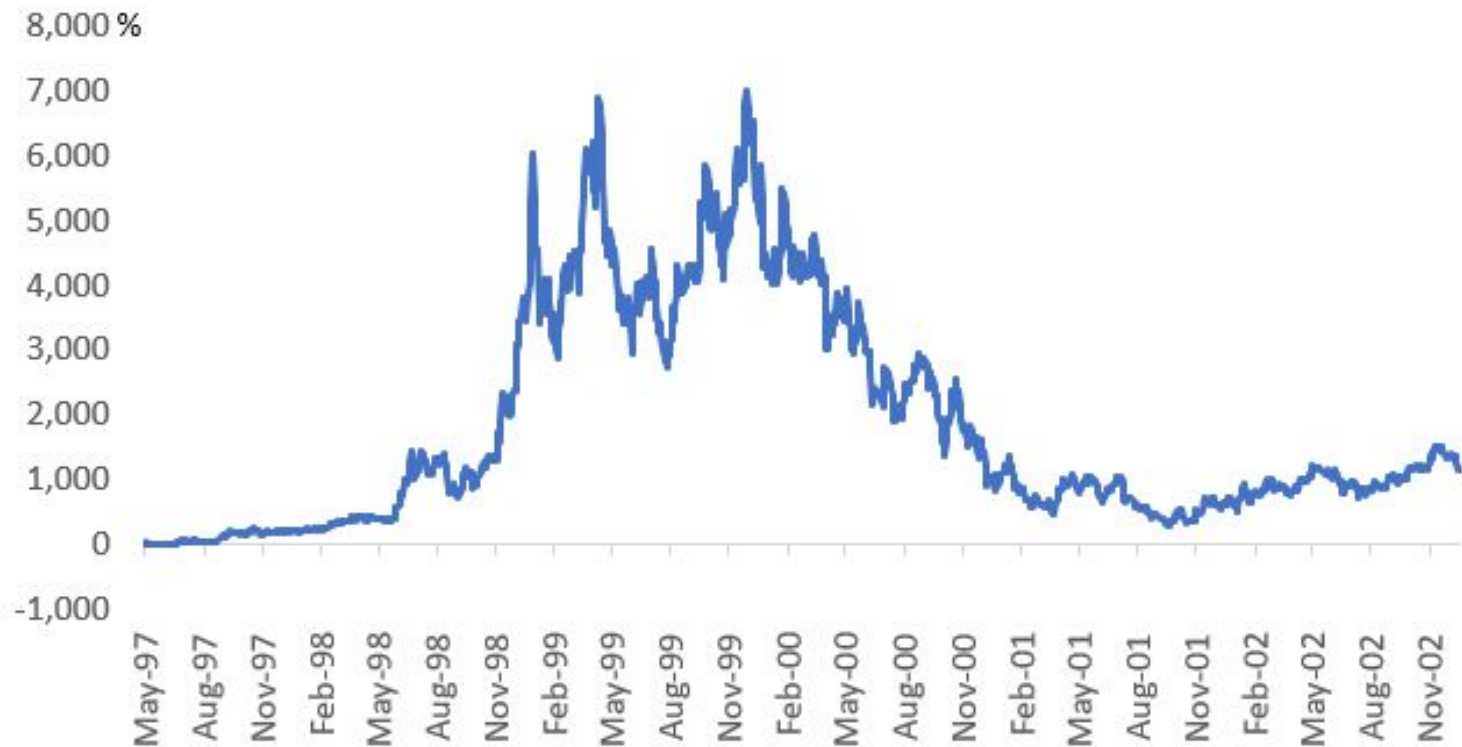
## When

Scale Your Program to Scale Your Impact

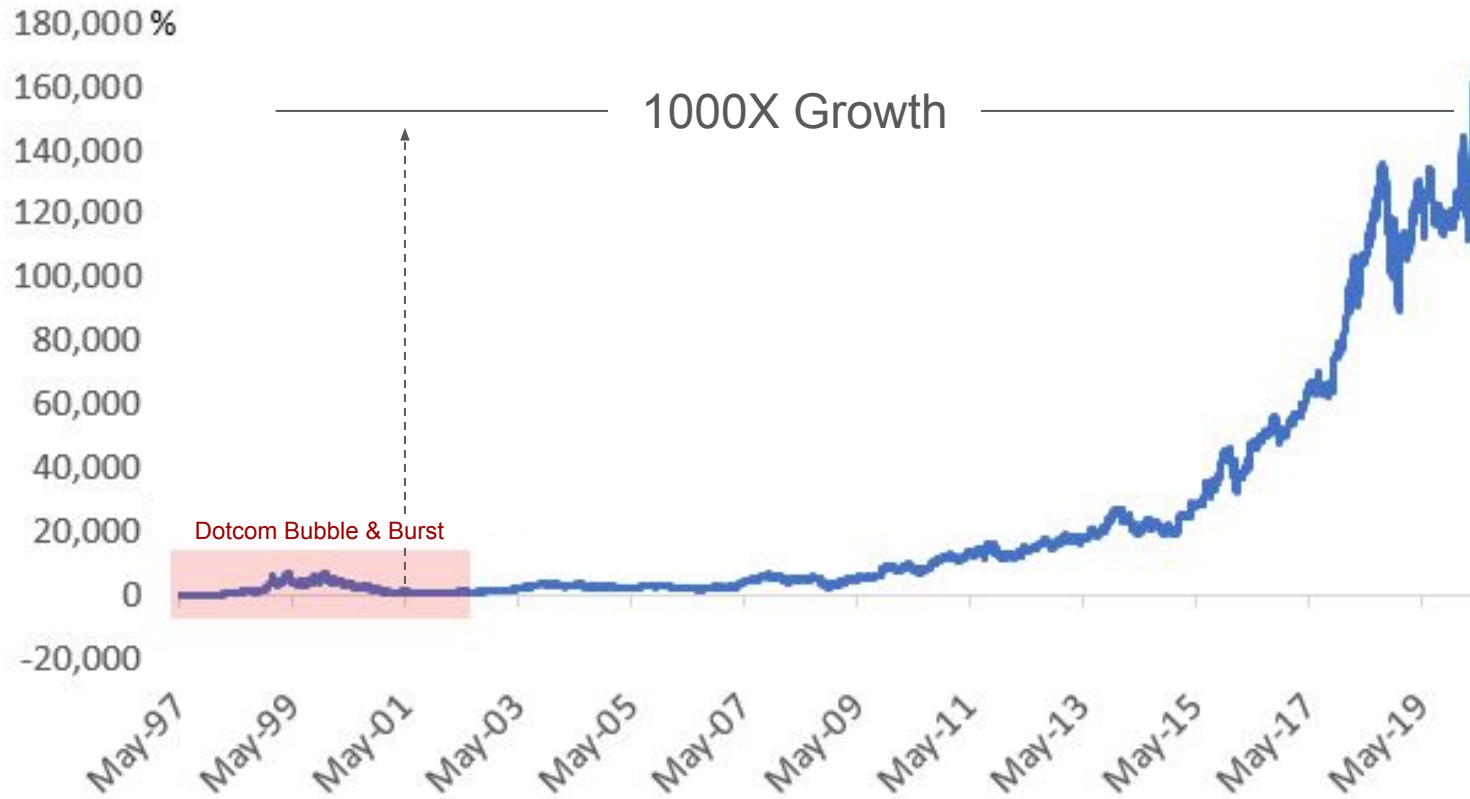
VECKTA Advisory



## Amazon (AMZN) Rise and Fall During Dot Com Bubble (% Chg)



## Amazon (AMZN) % Change Since IPO





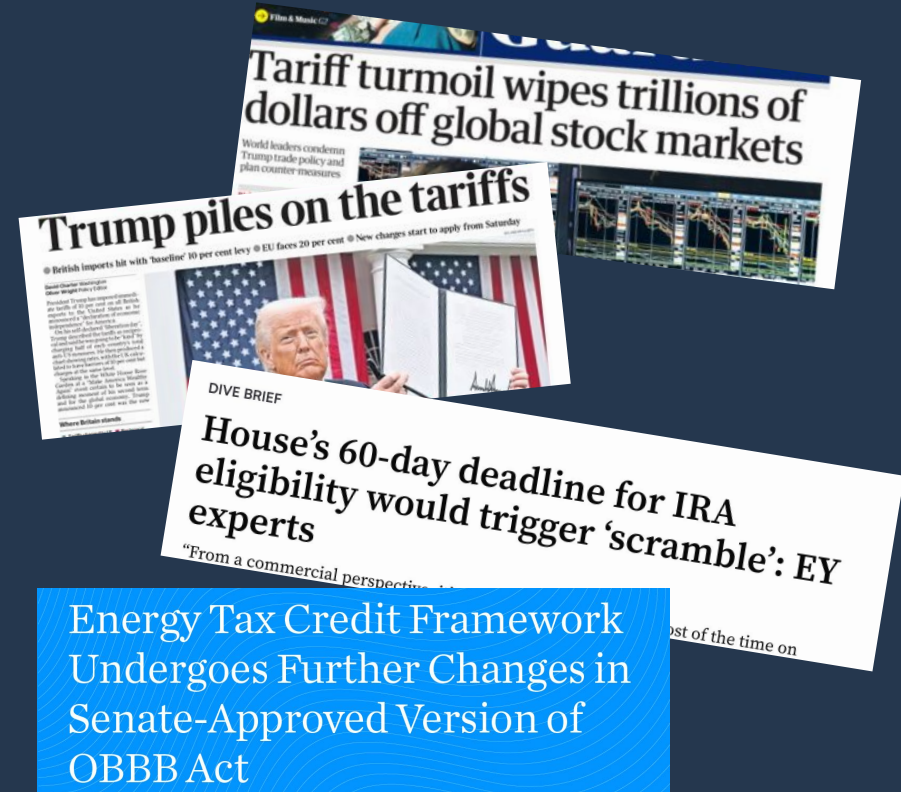


## 2000 Tech Bubble



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## 2025 Market Chaos





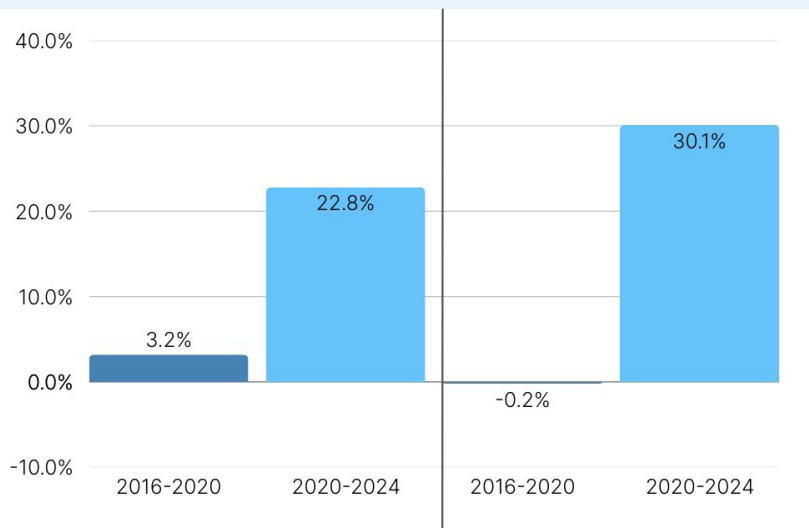
# Agenda

1. Business case drivers
2. OBBB Act details for onsite energy
3. Business case impacts
4. How to act strategically

# What drives the business case for onsite energy?

1. Utility tariffs
2. Energy consumption profile
3. Project “soft costs”
4. Incentives & regulations
5. Outages & power quality
6. Financing structure
7. Equipment costs
8. Labor costs

## Average U.S. electricity rates have spiked...



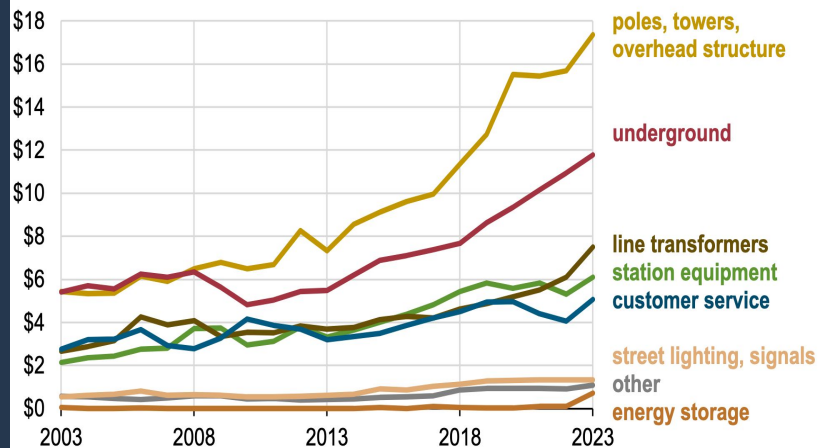
Commercial

Industrial

California:	72.3%	83.0%
New York:	40.9%	75.5%
Nevada:	32.2%	77.0%
Georgia:	22.6%	53.6%

## ... and the spike is due to power *delivery* costs

**Breakdown of annual capital spending on distribution infrastructure (2003-2023)**  
billions of 2023 U.S. dollars



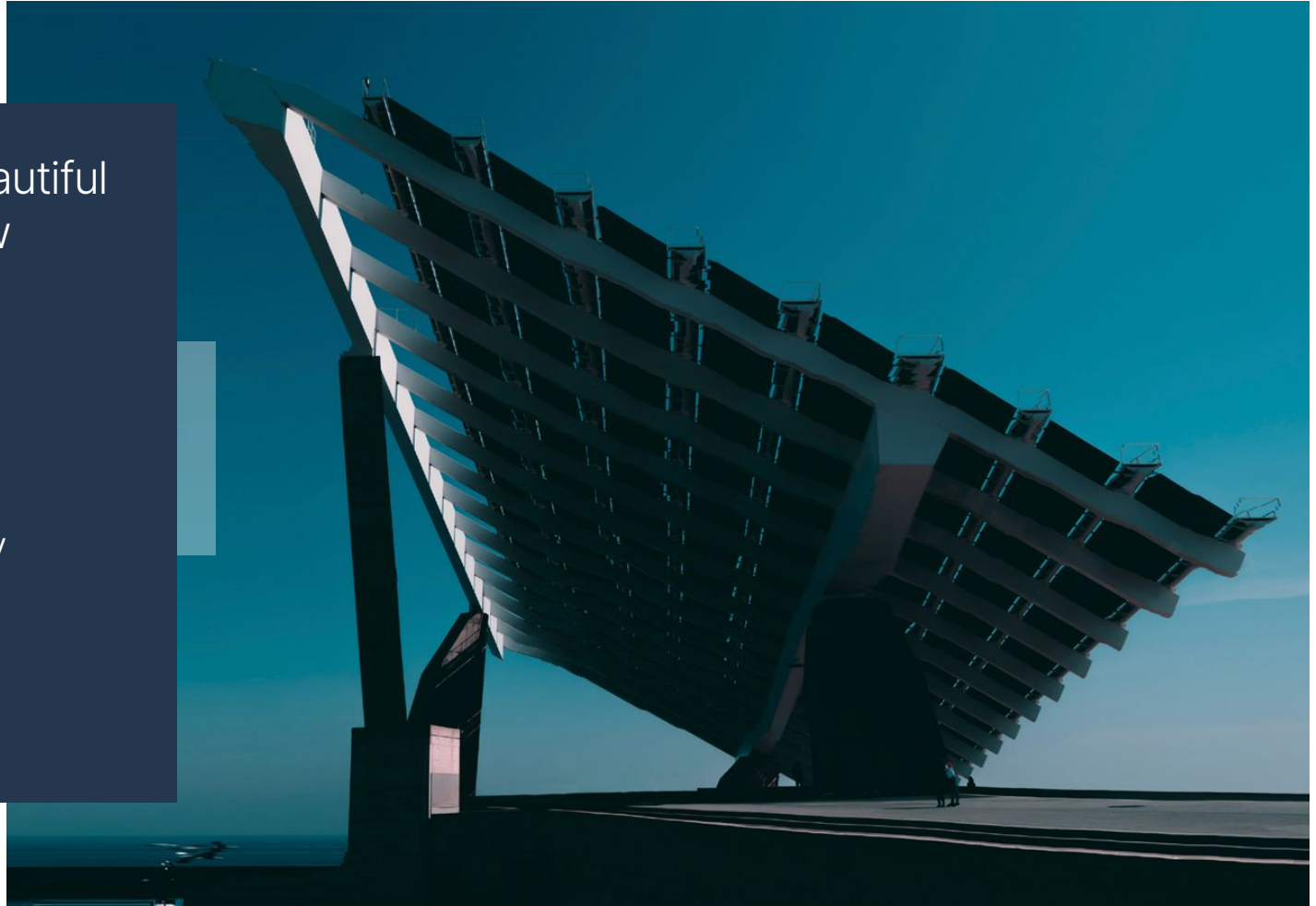
# The New Energy Era

## Demand Spike ↔ Supply Squeeze

- 96% of 2024 power capacity additions were solar, batteries, wind, and nuclear - US EIA
- "As of February, original equipment manufacturers, or OEMs, "are quoting upwards of five to seven years if you are trying to order [a gas-fired turbine] right now," - Gas Turbine Research and Development at EPRI (May 20, 2025)
- Large Grid Transformers (NREL, March 2024)
  - 2+ year lead times (4X pre-2022)
  - 4-9X price increase (past 3 years)

# The One Big Beautiful Bill Act Overview

1. Section 48E provisions
2. Timelines
3. FEOC
4. Depreciation
5. Transferability



# Section 48E, Clean Energy Investment Tax Credit (ITC) Changes

## **Solar tax credits:**

Solar projects that begin construction within one year of enactment (by 7/4/2026) will qualify if placed in service within 4-years.

## **OR**

Solar projects that begin construction after 7/4/26 must be placed into service by 12/31/2027 to qualify.

## **Additional qualifier**

Projects starting construction after 12/31/2025 must meet the **material assistance from prohibited foreign entities** requirements.

## **Energy storage tax credits:**

Still eligible for the ITC, including storage added to existing wind or solar facilities. Phase down starts after 2033.



## Adhering to the Timelines

### "Begin Construction"

To meet IRS conditions for beginning construction, a project must pass one of these tests:

1. **Physical work:** "physical work of a significant nature" begins on facility or components (continuous construction program required), or
2. **5% safe harbor:** taxpayer incurs 5% or more of the total project cost (continuous efforts towards construction required)

*Note: Subject to changes with 7/7 executive order*

### "Placed into Service"

The IRS generally defines "placed in service" as the date when a qualified facility or energy storage technology is ready and available for its intended use, regardless of whether it's actually used at that time.

## Foreign Entity of Concern (FEOC) Provisions

### What is a Prohibited Foreign Entity (PFE)?

**Specified Foreign Entities (SFEs):** Entities designated as foreign terrorist organizations, Chinese military companies, certain Chinese battery manufacturers, entities on U.S. sanctions lists, and other foreign-controlled entities tied to covered nations (e.g., China, Russia, Iran, North Korea).

**Foreign Influenced Entities (FIEs):** Entities where SFEs have significant ownership or control (e.g., 25% ownership by a single SFE, 40% combined ownership by multiple SFEs, or control over officers/directors).

### Material Assistance From a PFE:

Material assistance is determined by the “material assistance cost ratio” of a qualified facility, energy storage technology, or product line that produces eligible components. For Sections 48E, this is the portion of the cost of manufactured equipment used.

Until further guidance is given, the “material assistance cost ratios” are:

- Begin construction in 2025 = no restrictions
- Begin construction in 2026 = above 40% (solar) and 55% (storage) from non PFEs
- Begin construction in 2027 = above 45% (solar) and 60% (storage) from non PFEs

# Bonus Depreciation

## Bonus Depreciation

Businesses can deduct **100% of qualifying assets (solar and storage) in the first year**. No scheduled phase-down (was 40% this year). Equipment must be acquired and put into service after 1/19/25.

## Additional Provisions

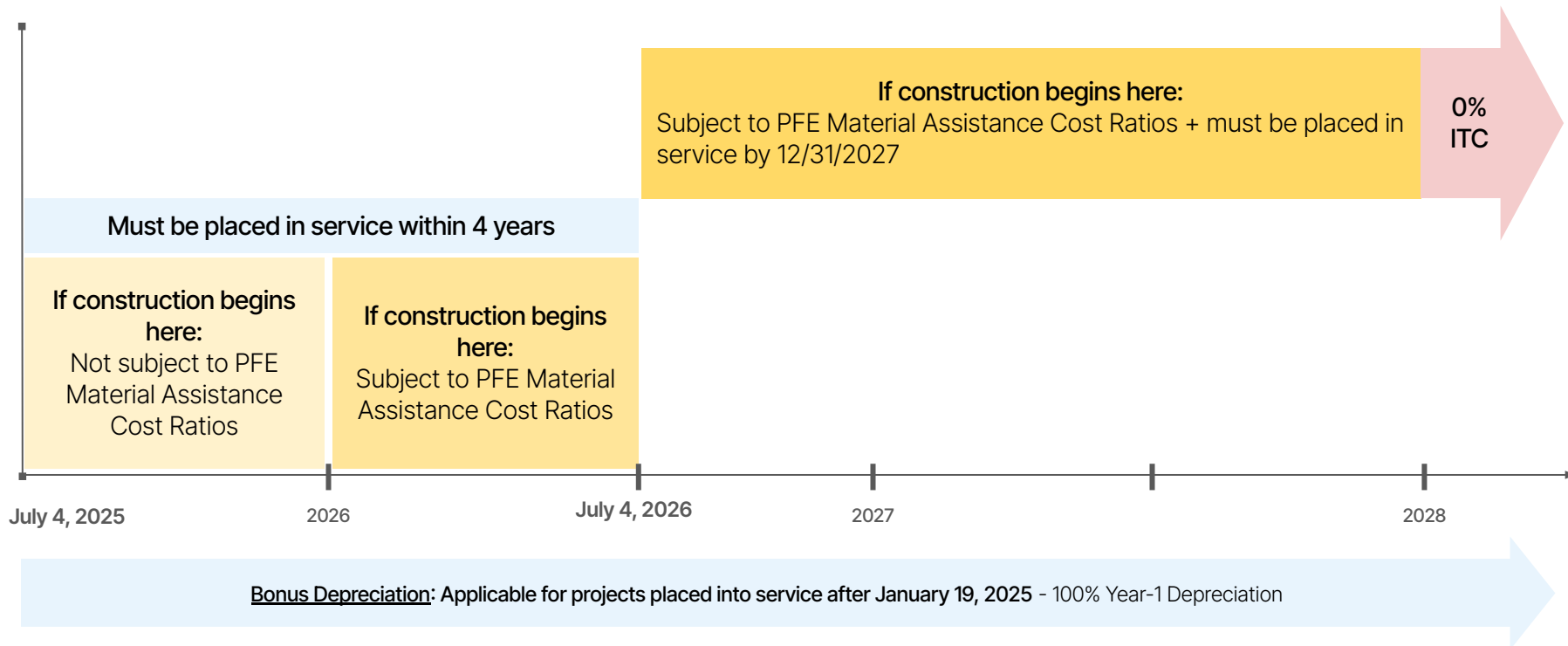
Non-wind/solar (48E) zero-emission projects (e.g., geothermal, nuclear, hydrogen, fuel cells) **follow the original IRA phase-out**: 100% credit for 2033, 75% for 2034, 50% for 2035, and zero thereafter

**Tax credits retain transferability** however, tax credit buyers will now be subject to FEOC requirements.

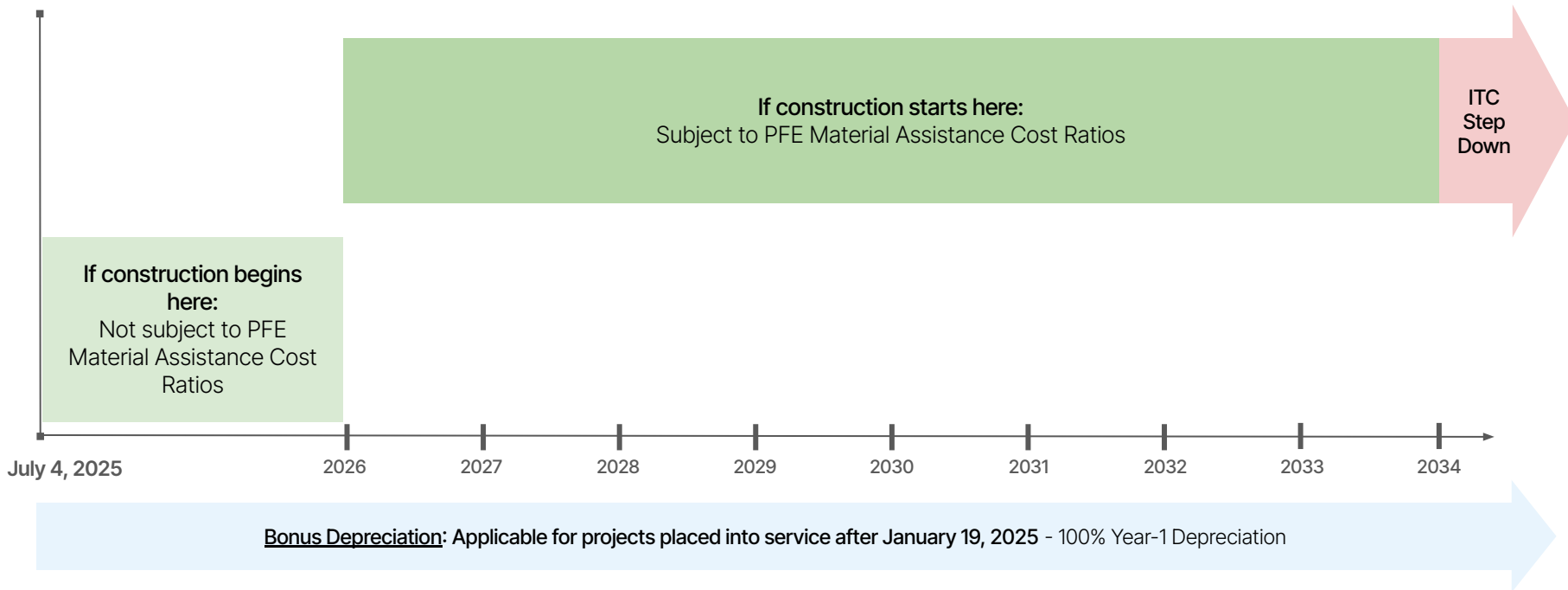
Commercial Clean Vehicle Credit (45W) **ends for vehicles acquired after 09/30/25**.

Commercial Charging Credit (30C) is available for chargers **placed in service before 09/30/26**.

# Timeline of Provisions - Solar ITC



# Timeline of Provisions - Storage ITC





## Project Economic Analyses Comparing

1. Individual-site impact
2. Portfolio-wide impact



Supermarket












Cold chain logistics



Manufacturing

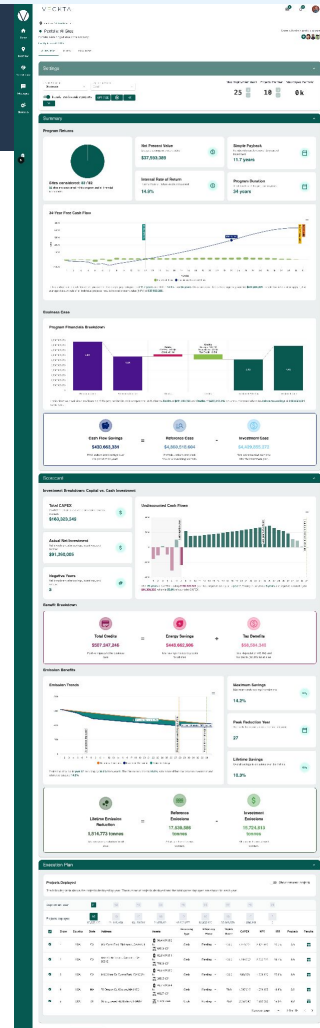


# Business Cases are Improved...For Now

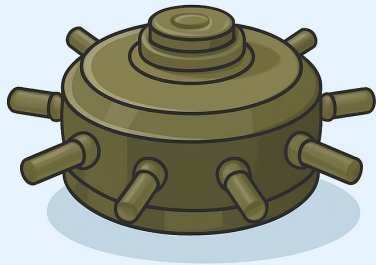
	PV	BESS (kWh)	Financials	Pre-OBBS	Today	Post-2027	Post-2027 (Optimized)
<b>Supermarket (California)</b>	709 kW	1,757 kWh	NPV (\$)	\$4,267,636	\$4,305,122	\$4,369,055	\$4,593,264
			Payback (years)	2.76	2.49	3.36	3.21
			IRR (%)	29.7%	31.2% 	28.3% 	30.2% 
<b>Cold-Chain Logistics (Nevada)</b>	984 kW	80 kWh	NPV (\$)	\$986,628	\$1,020,190	\$624,171	\$673,708
			Payback (years)	5.21	5.14	8.07	7.94
			IRR (%)	16.9%	17.6% 	12.9% 	13.1% 
<b>Manufacturing (Massachusetts)</b>	603 kW	215 kWh	NPV (\$)	\$1,003,891	\$1,024,188	\$951,856	\$986,183
			Payback (years)	5.22	5.17	6.43	6.20
			IRR (%)	17.6%	18.3% 	16.1% 	16.8% 

# Portfolio Strategy Softens Early Impacts

	Total properties	Rollout parameters	Financials	Pre-OBBS	Post-OBBS
Supermarket (27 states)	410	Up to 10 for 25 years	NPV (\$)	\$947,599,413	\$950,171,400
			Negative Cash Flow Years	3	3
Cold-Chain Logistics (37 states)	179	Up to 10 for 25 years	NPV (\$)	\$95,916,269	\$93,025,783
			Negative Cash Flow Years	3	2
Manufacturing (28 states)	82	Up to 10 for 25 years	NPV (\$)	\$53,321,045	\$37,593,389
			Negative Cash Flow Years	5	5



## Avoid the landmines



## VECKTA's watch-out list for C&I energy users:

- **Insufficient internal consensus** before moving to execution. You need an aligned business and executive team to get contracts signed and projects delivered.
- **Building the wrong asset.** No matter how good the incentive, it is hard to get good value if you don't build the right asset for your goals and needs.
- **Contracting without competition.** Competitive supplier selection identifies the right supplier for your needs, drives strong value outcomes and can be executed on rapidly.
- **All your eggs in one supplier basket.** We know consolidation is coming for the energy market and having several strong suppliers to lean on is a powerful risk mitigation strategy.

## Build a Strategy

Best practice timeframes to start deployment



Develop and refine your strategy in 2-4 weeks, supported by analytical tools



Reach internal consensus across your executive team in 2-4 weeks



Assess proposals from suppliers in 4 weeks (3 week RFP, 1 week review)

*Have decision-ready  
data from the supply market  
in less than 12 weeks*

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## Optimal Rollout

Time for 5+ market engagements before ITC sunset



Batch similar properties to cover your portfolio in fewer market engagements



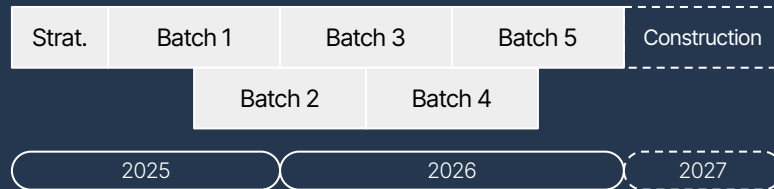
Run tight, consistent RFPs with cycle times <6 months (launch to contract)



Overlap RFP windows with maximum two programs running in parallel

Align →

Execute →



# VECKTA's Advice

Onsite energy remains the most powerful way to take control of your energy future.

We are advising C&I clients to maximize the opportunity. Unlock long-term savings, resilience, and competitive advantage, regardless of shifting federal incentives.

This is how ...

1. **Build a portfolio-wide strategy, not one-off projects.**  
Treat onsite energy as a capital asset class. Standardize planning, procurement, and financing across your footprint to scale advantages and better executive-level alignment.
2. **Model scenarios and prioritize wisely.**  
Use current data and future projections to identify sites that need the ITC to hit return thresholds. Fast-track these to secure full tax credit benefits before the July 4, 2026 deadline.
3. **Target battery storage where it matters most.**  
Deploy storage at sites with resilience challenges, high peak demand charges or high time-of-use rates to maximize ROI.
4. **Bake compliance into every step.**  
Integrate FEOC and domestic content rules into analysis and procurement to stay ahead of tightening requirements.
5. **Track portfolio for profitable projects.**  
Deploy systems that pencil without the ITC to drive profitability, resilience, and sustainability at scale.



Thank you!

*Reach out with  
any questions.*

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