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Inflation Reduction Act: What is the impact on solar installers?

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Over the last several years, the growth of the solar energy industry has been rapid and significant, with more and more people turning to this clean, renewable source of power. However, there are still many challenges to overcome before solar energy can truly become mainstream. One of the biggest challenges facing solar energy is the potentially high cost of installation and maintenance.

This is where the [Inflation Reduction Act](#) comes in.

President Biden signed the act into law on August 16, 2022, authorizing \$391 billion in spending on energy and combating climate change. It is intended to reduce inflation and make the economy more stable by making it easier for businesses and individuals to invest in new projects. One of the key provisions of the act is the creation of a new tax credit for investing in solar energy projects. This tax credit will be available for a period of five years.

Here are some reasons installers will be generating more business in 2023:

More affordable solar energy modules

One goal of the Inflation Reduction Act is to decrease residential energy costs with a major focus on improving energy efficiency. Among the initiatives are home energy

rebate programs and consumer tax credits for using rooftop solar. This will increase installation activity, leading to greater demand on solar panel manufacturers as the call for solar from both residential and commercial customers increases.

Installers must be ready.

Another notable provision in the bill is an extension of the Investment Tax Credit (ITC) at 30% of the cost of installed equipment. Solar projects that are eligible for a full 30% tax credit can increase their tax credit to 40% by using [solar equipment manufactured in the United States](#).

The tax credits will help offset the high cost of solar installation and maintenance, making it more affordable for businesses and individuals to invest in solar projects. This will encourage more people to install solar panels on their homes and businesses, which will in turn help to increase the overall amount of solar energy being generated.

Better access to financing

The Inflation Reduction Act will also make it easier to access financing for solar projects. [Cash restraints make it difficult](#) to secure equipment for an install before clients pay for projects in full. Inception has already helped installers by providing flexible financing, allowing installers who purchase renewable energy products through the Inception marketplace unclog their cash-flow bottlenecks; they can purchase the necessary equipment up front and not slow down the pace of installation.

The act includes provisions that make it easier for businesses to get solar project loans; it will also make it easier for residential buyers to obtain mortgages that consider the value of their solar panels. You can take on more solar projects even if you don't have a lot of money up front. And – if you have financing options that offer quick credit approval, competitive rates and a flexible payment structure, you can conserve cash flow and streamline procurement.

More solar jobs to meet increased demand

The Inflation Reduction Act will also help create jobs in the solar energy industry. As more people invest in solar projects, there will be a greater demand for skilled workers to install and maintain the panels. This will help to create jobs in the construction, installation and maintenance sectors, which will in turn help boost the economy.

And don't forget batteries! Along with the rise in demand for solar power, the energy storage market is expected to reach a capacity of 411 gigawatts within the decade, a 15-fold increase over 2021 demand, according to [Bloomberg New Energy Finance's 2H 2022 Energy Storage Market Outlook](#).

Overall, the Inflation Reduction Act is expected to have a positive impact on the solar energy industry in 2023: the Solar Energy Industries Association expects average annual solar growth of 21% for the next four years. [In a recent Bloomberg article](#), the CEO of the SEIA said the industry will not grow “to our full potential” this year. Some analysts expect the real increase won’t start happening until 2024.

The tax credit and other provisions of the act will help to make solar energy more affordable and accessible, which will in turn help to increase the amount of solar energy being generated. Additionally, the act will also help to create jobs and boost the economy. As such, the Inflation Reduction Act is an important step forward in the effort to make solar energy mainstream.

Installers can make sure they are ready for the increase in demand by sourcing panels and batteries through Inxeption’s digital solar marketplace. In the marketplace, choose from myriad [residential](#) and [commercial](#) solar equipment from trusted manufacturers like Solar4America, Meyer Burger and FranklinWH; finance your purchase; and utilize Inxeption’s world-class supply chain infrastructure for delivery.



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Here's what solar installers should keep in mind to stay ahead of increasing demand for renewable energy:

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