



**NY - GEO 2026**  
March 24-25, 2026 | Brooklyn, NY



# Establishing Eligibility for the Federal Investment Tax Credit

**Moderator:** Zachary Fink / *ZBF Geothermal & NY-GEO Board*

**Panel:** Ravi Kurtz / *Eide Bailly*

Josh Howes / *Walker Blue*

Dorian Hunt / *Leo Berwick*

Jacob Goldman / *Energy Tax Savers*

# Presenter



Ravi Kurtz

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# Geothermal Energy Credit

## Section 48 – Geothermal Energy for Heating and Cooling a Structure

**Eligible Cost Basis**



### **Credit Percentage**

- Basic credit = 6%
  - If domestic content = +2%
  - If energy community = +2%
- If PWA rules met = 30%
  - If domestic content = + 10%
  - If in energy community = + 10%

\*Geothermal used for generating electricity falls under Section 48E and has a different set of rules.

# Energy Credit

## Section 48 – Domestic Content Bonus: Structural Steel and Iron

- 100% U.S. manufacturing is required for all steel and iron components that are structural in function.
- For geothermal projects, this typically includes:
  - Structural supports, foundations, and mounting systems
  - Rebar and other reinforcing steel embedded in foundations
- All manufacturing processes must occur in the U.S., except metallurgical refinement of additives.

# Energy Credit

## Section 48 – Domestic Content Bonus – Manufactured Products

- A geothermal project is treated as satisfying this requirement if at least an “adjusted percentage” of total manufactured-product costs are mined, produced, or manufactured in the United States. This percentage varies based on the year construction began.

<b>Beginning of Construction</b>	<b>Adjusted Percentage Thresholds</b>
<b>Before Jan 1, 2025</b>	<b>40%</b>
<b>2025</b>	<b>45%</b>
<b>2026</b>	<b>50%</b>
<b>2027 and later</b>	<b>55%</b>

# Energy Credit

## Section 48 – Domestic Content Bonus – Manufactured Products

- Manufacturer Letters
  - Confirm manufacturing locations for equipment.
  - Confirm percentage equipment material cost that is associated with components produced in the United States.
  - Signed by representative of the company.

# Energy Credit

## Section 48 & 6417 – Phaseout for elective payment

- For projects greater than 1MW(AC) **AND** claiming Section 6417 Elective Pay there are phase outs for not meeting domestic content.

Beginning of Construction	Percentage of Credit Received
On or after 1/1/2024	90%
On or after 1/1/2025	85%
On or after 1/1/2026	0%

# Energy Credit

## Section 48 – Keys to Success

- Documentation
  - Itemized cost detail – by component
  - Domestic Content Letters
- Set construction team up for success
  - Planning
  - Contract language outlining requirements
  - Clear documentation requirements
- Procurement process
  - Collect documentation during the procurement process

# Disclaimer

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.



# Establishing Eligibility for the Federal Investment Tax Credit

## Prevailing Wage & Apprenticeship



**Josh Howes**  
Chief Executive Officer  
Walker Blue, LLC



# Prevailing Wage & Apprenticeship (PWA)

**Required for full credit multipliers (e.g., 30% ITC vs. 6% base) on projects >1 MW.**

- Prevailing Wage: Pay laborers/mechanics at DOL-determined rates for locality and trade.
- Apprenticeship:
  - 15% of labor hours by registered apprentices;
  - Pay apprentice wages according to registered program;
  - Journeyman to Apprentice ratio as defined by registered program
  - good faith effort exception if denied.



Compliance Impacts: Noncompliance reduces credits; penalties up to \$5,000-\$10,000 per underpaid worker.



Documentation Requirements: Payroll records, certified weekly payrolls (Form WH-347), apprentice ratios, and contracts specifying PWA terms.

# Thank You



**Josh Howes**  
Chief Executive Officer  
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Walker Blue, LLC is a national energy engineering and tax incentive firm focused on §179D certifications and Investment and Production Tax Credits, with full support for prevailing wage and domestic content compliance.



walker-blue.com



# Federal Credits for Geothermal Projects – Selected Topics

Leo  
Berwick

March 2026

# Dorian Hunt

Partner

## Function and Specialization

Dorian leads Leo Berwick's Renewables & Energy Tax practice.

## Education & Licenses

- M.S., Accounting, Northeastern University
- B.S., Computer Science, Worcester Polytechnic Institute

## Contact

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(781) 706-5525

Dorian has 20 years of experience in tax credit monetization, with clients including renewable energy project developers, tax equity investors, project lenders, insurers and syndicators.

Prior to joining Leo Berwick, he was a leader in the Power and Utilities and Energy Transition practices of a Big 4 firm, where he focused on providing tax consulting services with respect to tax credit-driven project finance across, with a focus on renewable energy.

Dorian is a thought leader in the tax credit space and has authored numerous articles, hosted podcasts and has been a sought-after speaker at renewable and energy expansion conferences.

Dorian has experience with myriad energy incentive programs including Treasury 1603 grants, 48C advanced energy manufacturing studies, and the rapidly-developing field of 45Q carbon capture credits.



# OBBBA – Limited Use and FEOC



## Renewable energy tax credit phase-out

1. **Limited use test nullified for geothermal heat pump installations – asset ownership easier to establish in lease scenarios**
2. **‘foreign entity of concern’ (FEOC) rules must be satisfied to claim ITCs or PTCs. It is an entity-based regime focused on ownership, control, and influence from entities that have ties to China, Russia, Iran, or North Korea.**
  - Specified Foreign Entity (SFE): The project owner / credit claimant cannot itself be a Specified Foreign Entity. This is tested at Placed in Service (PIS in tax years after July 4<sup>th</sup>, 2025)
  - Foreign Influenced Entity (FIE): The project owner cannot be effectively controlled or significantly influenced by an SFE (governance, financing, offtake, veto rights, etc.). Same applicable timing as above.
  - Material Assistance (Supply Chain Prong): Project components must not contain prohibited levels of assistance from FEOC-connected manufacturers or suppliers.

# Tax Credit Transferability.

The Inflation Reduction Act (IRA) enables Developers to monetize energy credits through transferability.

- Taxpayers may elect to sell all or a portion of eligible credits to an unrelated person.

Eligibility	Marketability
<ul style="list-style-type: none"><li>▪ Available to all taxpayers that are not eligible for direct pay</li><li>▪ Eligible credits include ITC and PTC, among others</li></ul>	<ul style="list-style-type: none"><li>▪ Credits sold at a discount – transferees satisfy \$1 of tax liability for a (negotiated) price less than \$1</li><li>▪ New technologies generally command lower per credit price given increased risk</li><li>▪ No bundling with other services</li></ul>
Election	Taxation
<ul style="list-style-type: none"><li>▪ “Transfer Election Statement” is attached to tax return and is irrevocable – no late relief!</li><li>▪ Elections are made with respect to specific eligible property – pre-registration required once project is PIS</li></ul>	<ul style="list-style-type: none"><li>▪ Consideration must be paid in cash<ul style="list-style-type: none"><li>- Income is tax-exempt for transferor</li><li>- No deduction for transferee</li></ul></li><li>▪ Purchase and sale of credits by a partnership</li><li>▪ Recapture and wholly-owned / preferred equity structures</li><li>▪ Accommodation structures for step-up purposes</li></ul>

# Retrofits: 80/20 Test

- Energy property does not include equipment that is a **modification or addition to existing energy property** unless the retrofitting rules under the **80/20 test** are satisfied.
- Retrofitted energy property may be treated as originally PIS by a taxpayer if the 80/20 test is met, which generally requires that the FMV of new components represents at least 80% of the total FMV of the property.

$$\frac{\text{FMV of New Components}}{\text{FMV of New Components} + \text{Retained Components}} \geq 80\%$$

- **If met, new credits can be generated.** For the ITC, it is only claimed on new components, including integral property.
- Applies on a unit of energy property by unit of energy property basis.
- Valuation exercise.

An aerial photograph of a lush green valley with a winding river and a power line. The text is overlaid on the image.

# Contact us

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# Inflation Reduction Act Dual Use Property & Incremental Cost

- Jacob Goldman, VP, Energy Tax Savers, Inc.



**ENERGY TAX SAVERS®**

ENERGY TAX INCENTIVE EXPERTS



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- Dual Use Property
- Incremental Cost
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Subject : "Please send the slides"



# Sampling of Clients Who Have Received a Check

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Client	Technology	Check Amount
School District in the Pacific Northwest	Ground Source	~\$8,000,000
City Transit Center in the Midwest	Ground Source	~\$2,250,000
K-12 School District	Ground Source	~\$800,000
College	Ground Source	~\$650,000
K-12 School District	Ground Source	~\$600,000
Private Golf Club - NY	Ground Source	~\$550,000
Private University - NY	Ground Source	~\$500,000
Public Library	Ground Source	~\$500,000

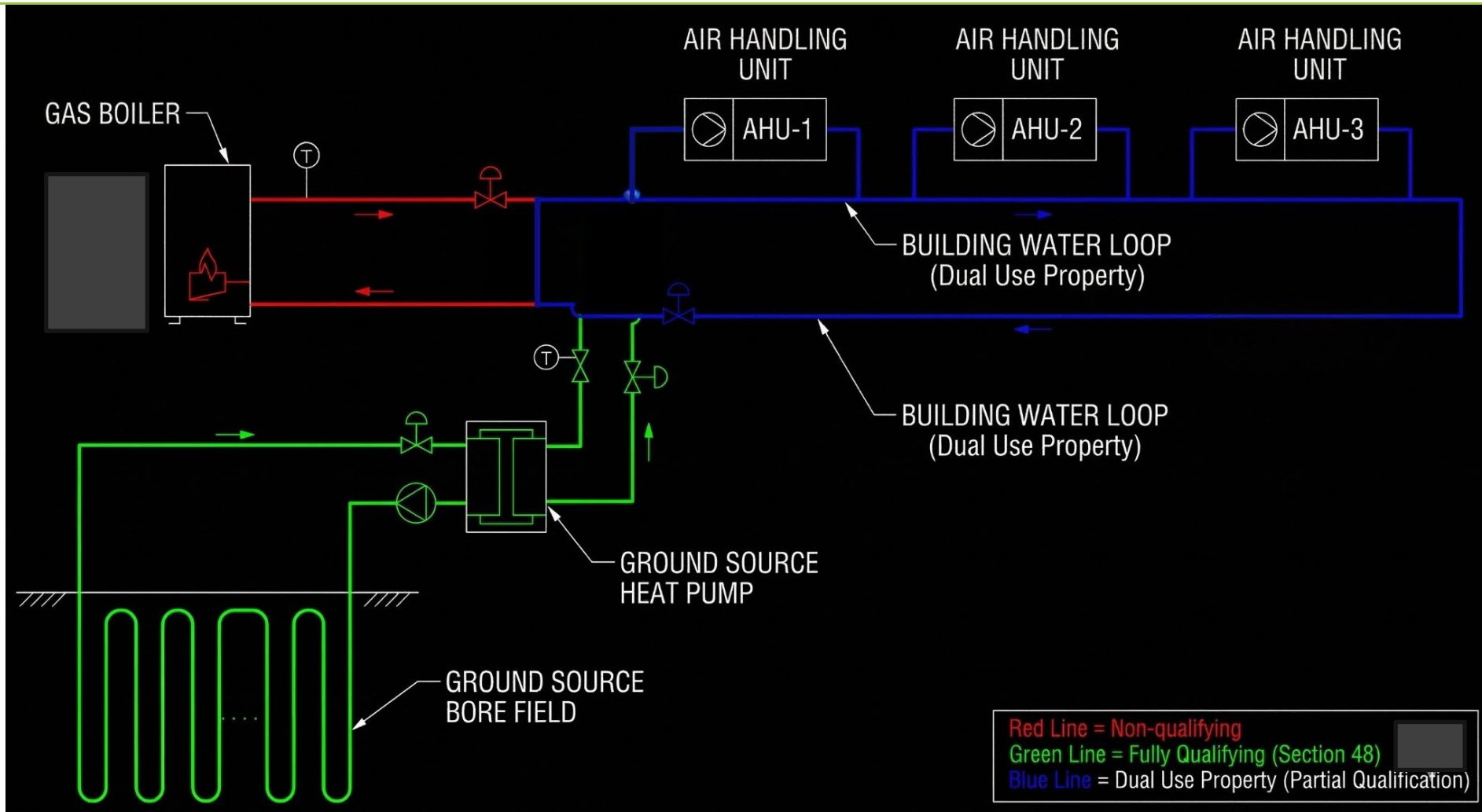


# Is it Dual Use or Incremental Cost?

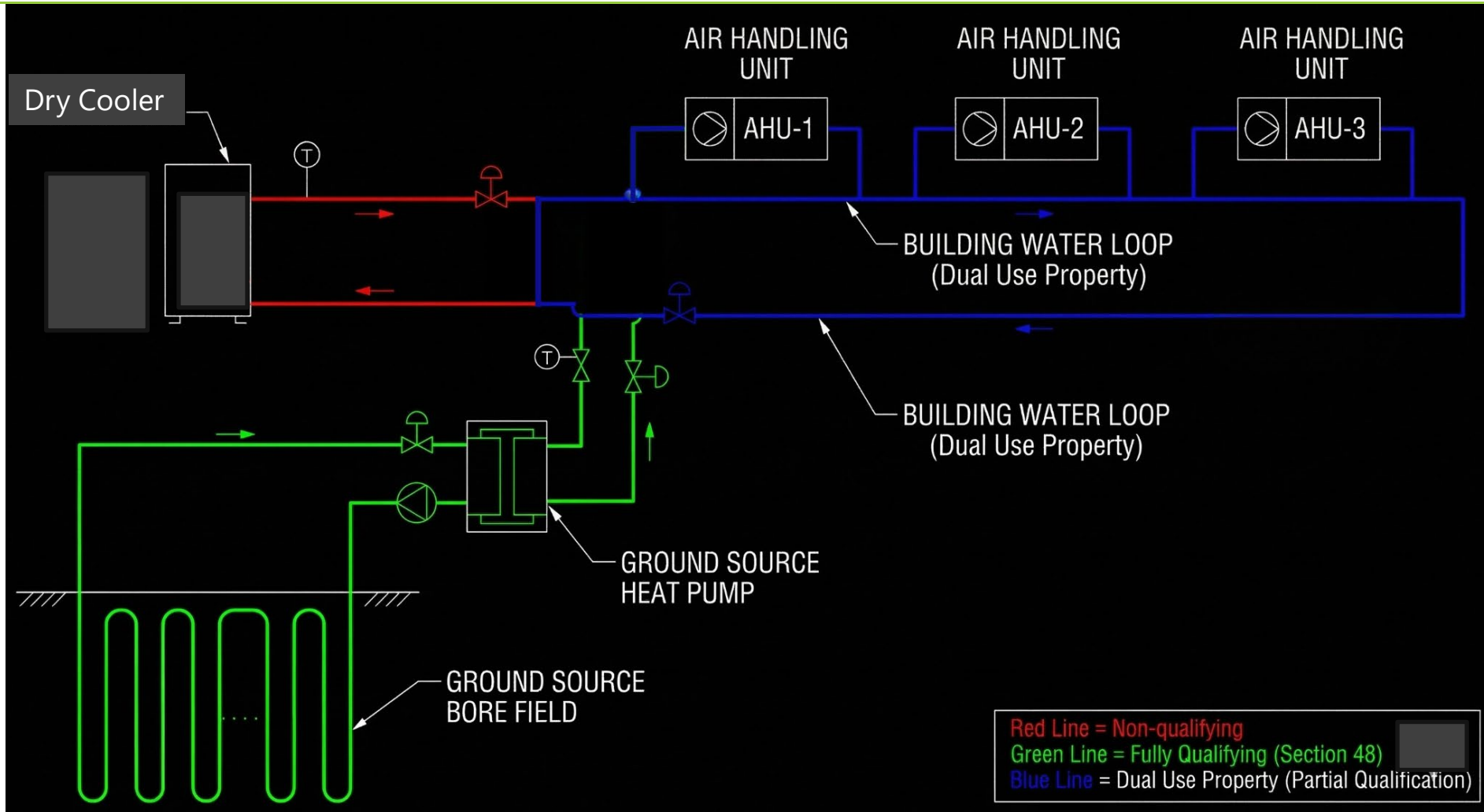
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- **Dual Use** is used when a piece of Equipment obtains more than 50% of it's Energy from the Ground or Ground Water and less then 50% from a Conventional Source
  - Boiler
  - Electric Resistance Heat
  - Dry Cooler
  - Cooling Tower
  - Simultaneous Heating and Cooling (**Ugh!!!**)
  - Etc.
- **Incremental Cost** is used when Energy from the Ground or Ground Water is used to heat and/or cool a non-eligible load
  - Ice/Snow Melt
  - Ice Making
  - Industrial Loads
  - Domestic Hot Water (**Ugh!!!**)
  - Etc.

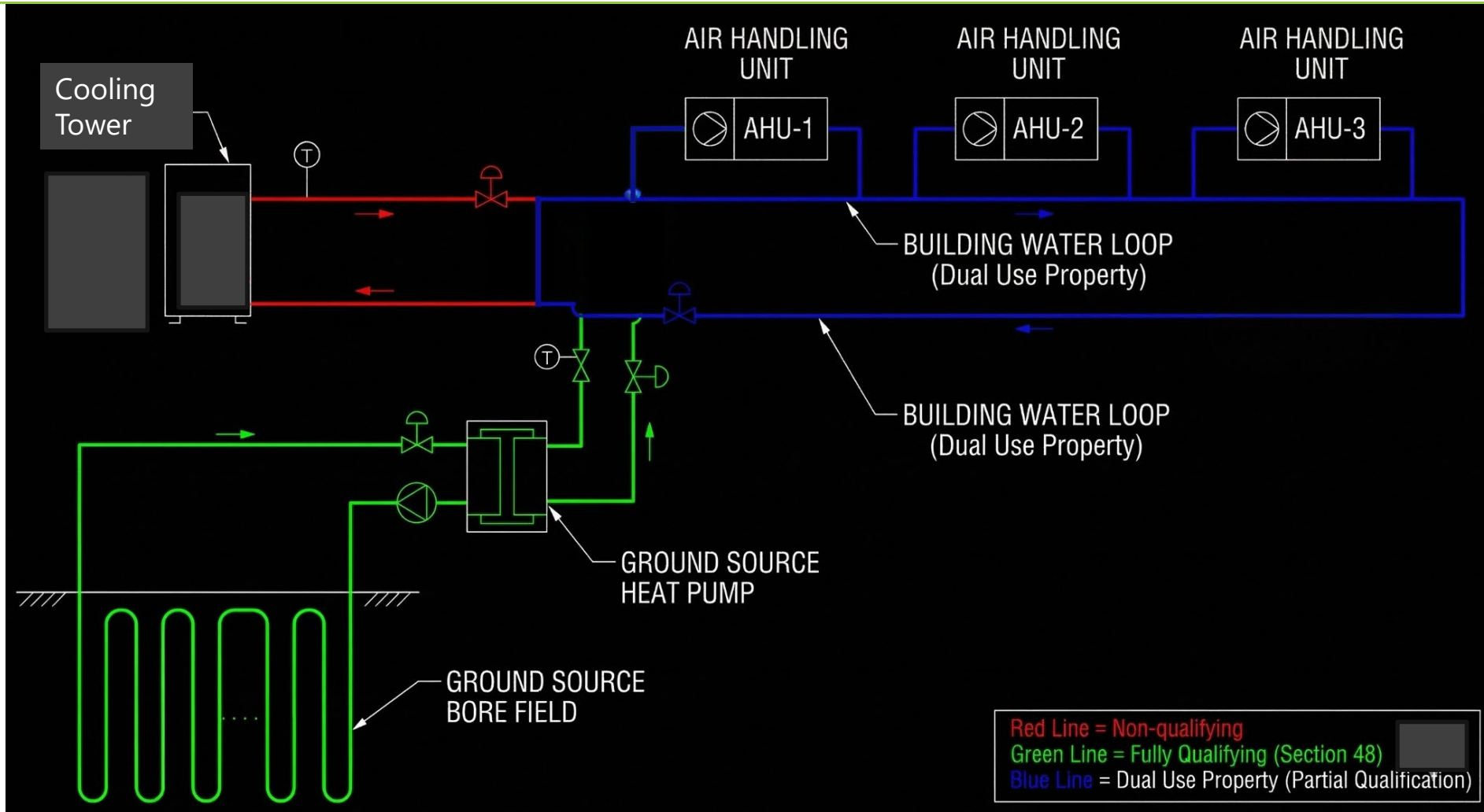
# Dual Use - Boiler



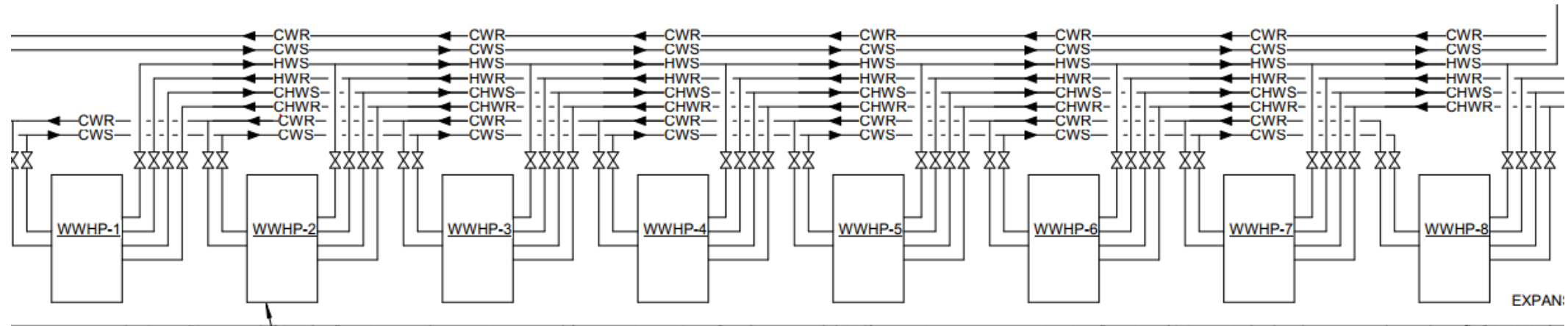
# Dual Use – Dry Cooler



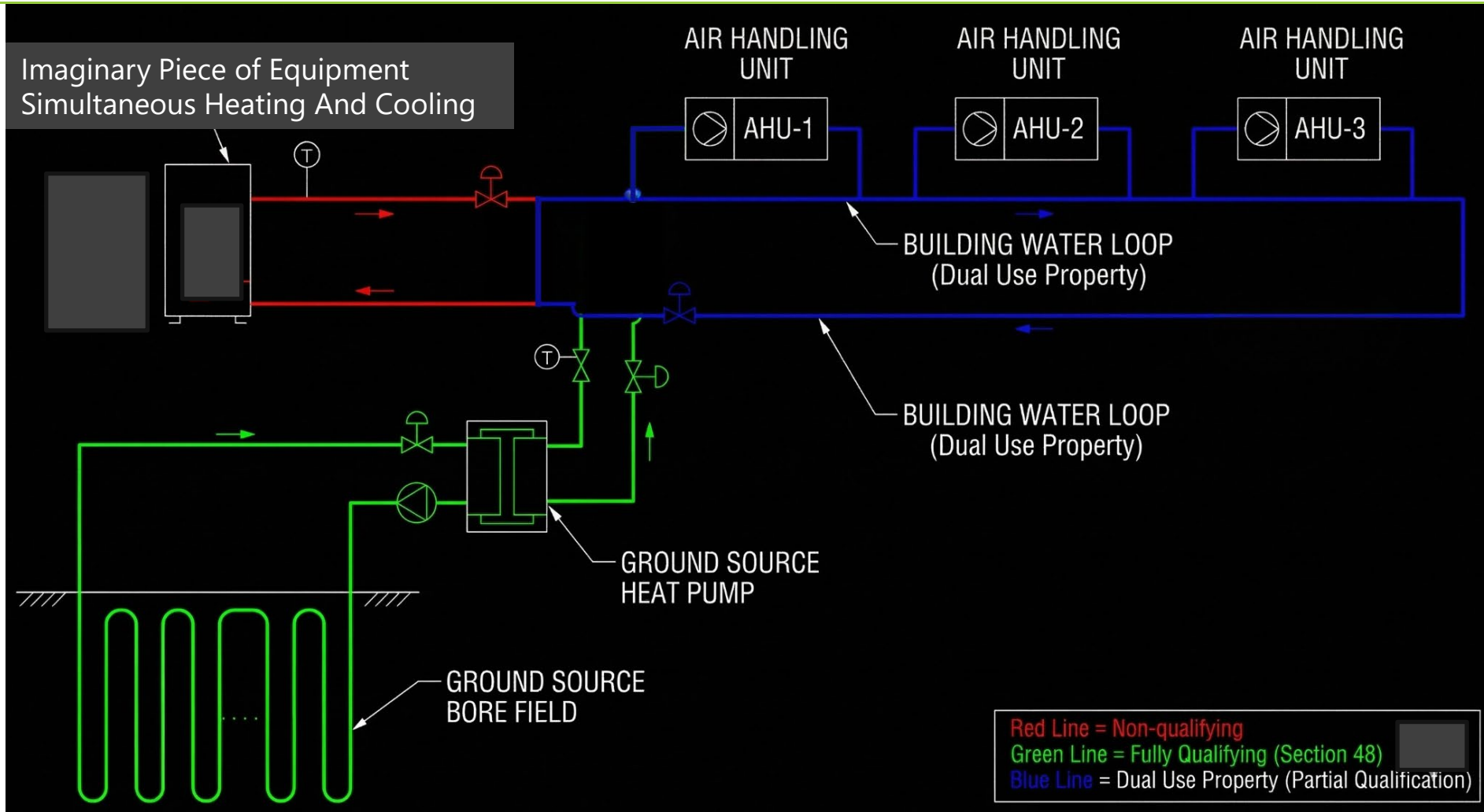
# Dual Use – Cooling Tower



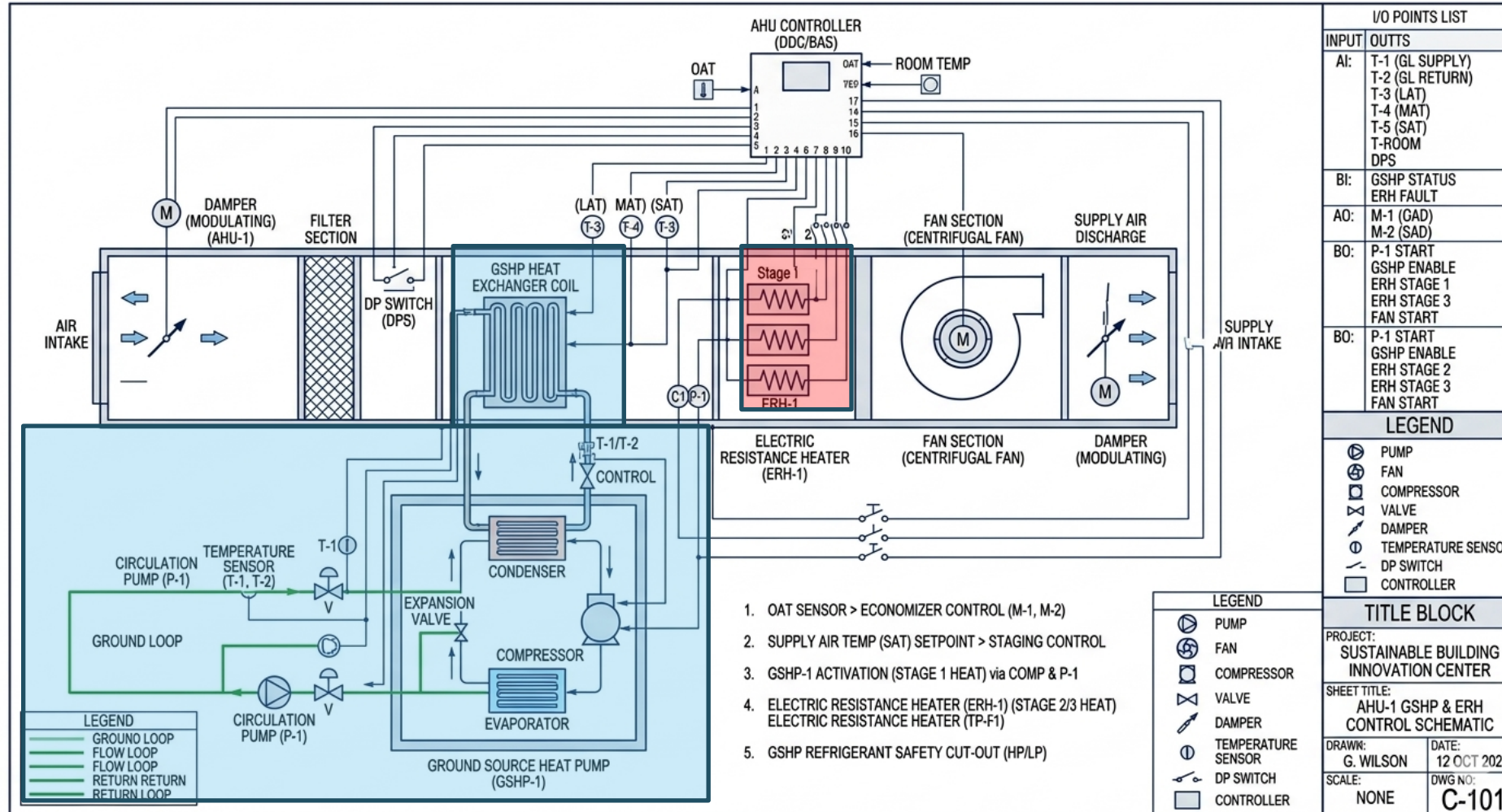
# Is Simultaneous Heating and Cooling Dual Use?



# Dual Use



# Dual Use – Electric Resistance Reheat in AHU



I/O POINTS LIST	
INPUT	OUTTS
AI:	T-1 (GL SUPPLY) T-2 (GL RETURN) T-3 (LAT) T-4 (MAT) T-5 (SAT) T-ROOM DPS
BI:	GSHP STATUS ERH FAULT
AO:	M-1 (GAD) M-2 (SAD)
BO:	P-1 START GSHP ENABLE ERH STAGE 1 ERH STAGE 3 FAN START
BO:	P-1 START GSHP ENABLE ERH STAGE 2 ERH STAGE 3 FAN START

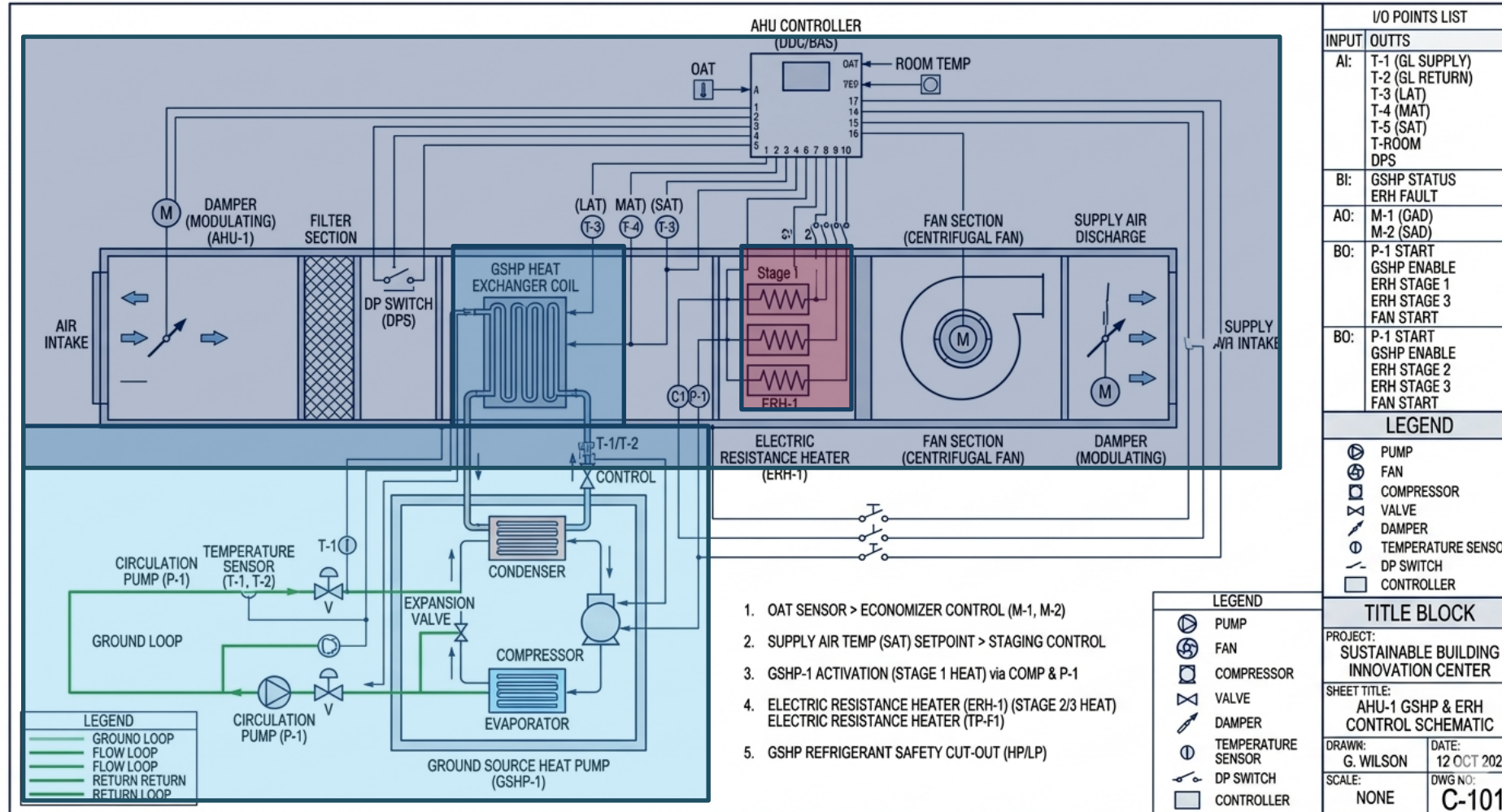
  

LEGEND	
	PUMP
	FAN
	COMPRESSOR
	VALVE
	DAMPER
	TEMPERATURE SENSOR
	DP SWITCH
	CONTROLLER

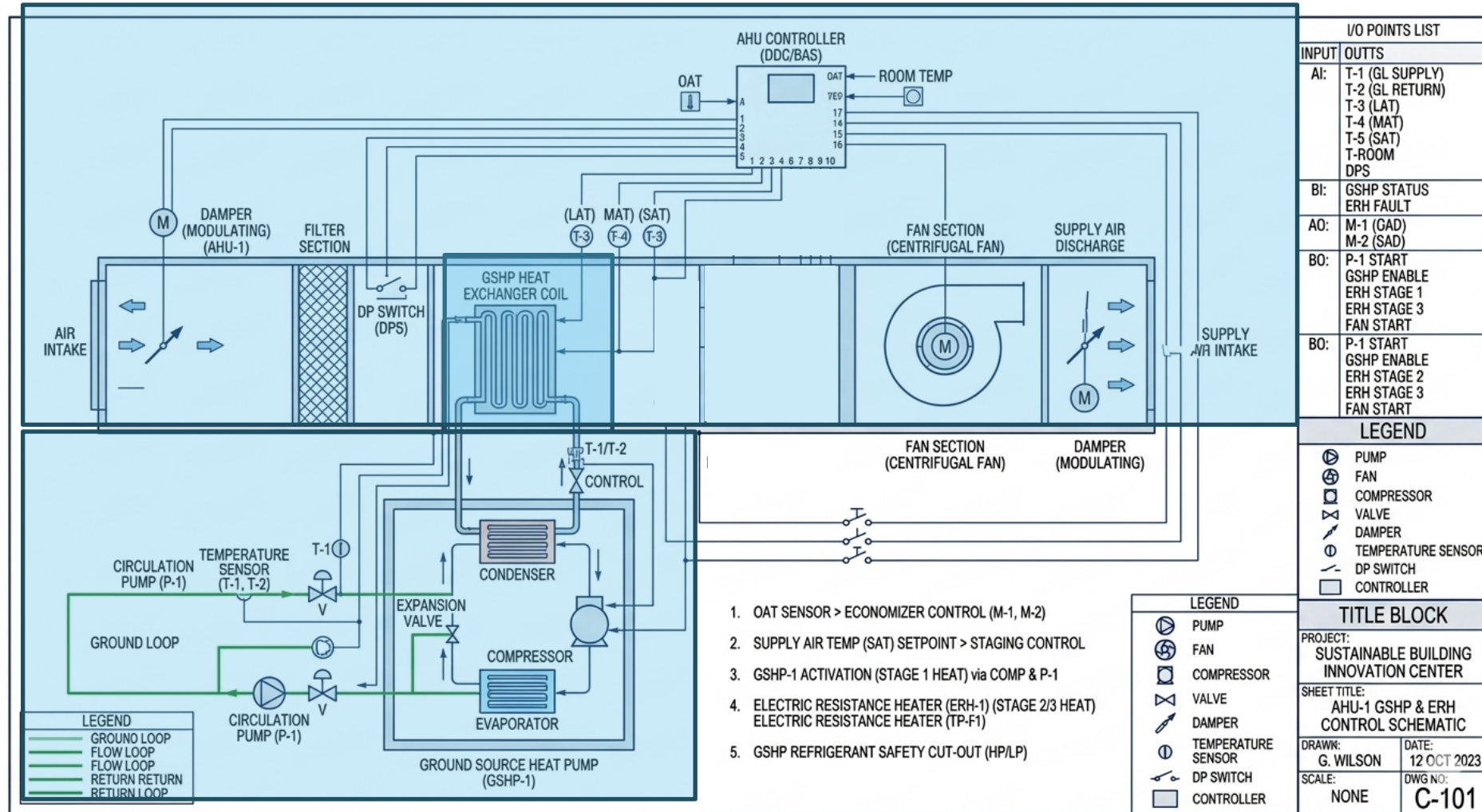
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PROJECT: SUSTAINABLE BUILDING INNOVATION CENTER	
SHEET TITLE: AHU-1 GSHP & ERH CONTROL SCHEMATIC	
DRAWN: G. WILSON	DATE: 12 OCT 2023
SCALE: NONE	DWG NO: C-101

# Dual Use – Electric Resistance Reheat in AHU

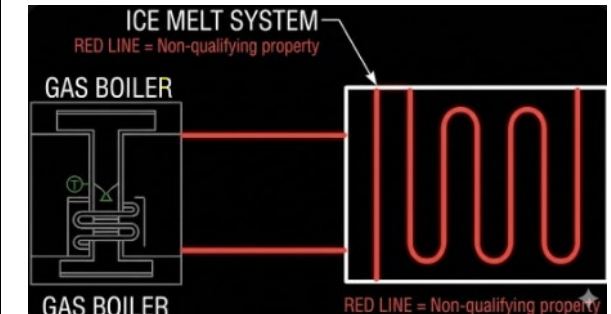
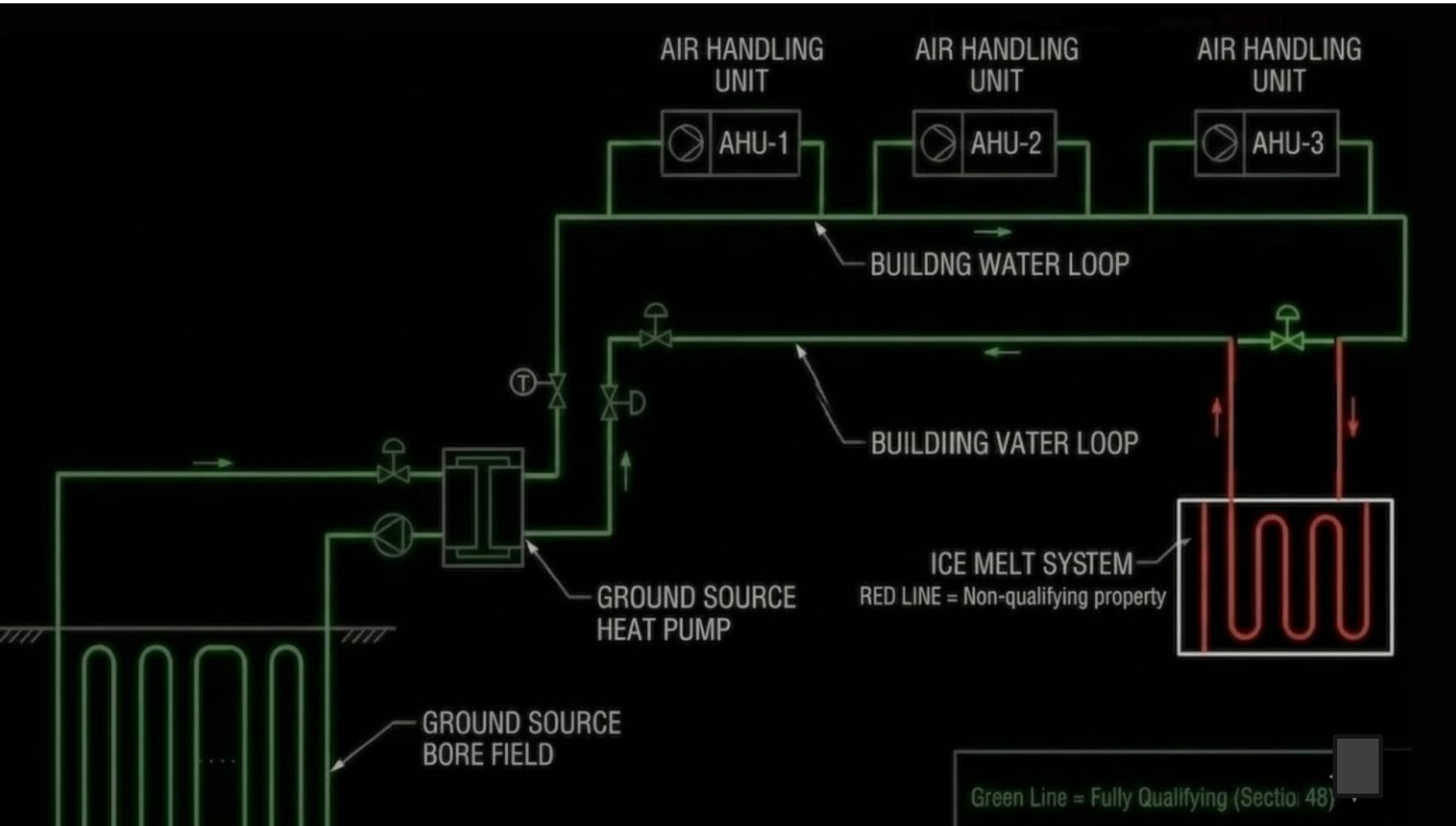


I/O POINTS LIST	
INPUT	OUTTS
AI:	T-1 (GL SUPPLY) T-2 (GL RETURN) T-3 (LAT) T-4 (MAT) T-5 (SAT) T-ROOM DPS
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LEGEND	
<p><b>TITLE BLOCK</b></p> <p>PROJECT: SUSTAINABLE BUILDING INNOVATION CENTER</p> <p>SHEET TITLE: AHU-1 GSHP &amp; ERH CONTROL SCHEMATIC</p> <p>DRAWN: G. WILSON      DATE: 12 OCT 2023</p> <p>SCALE: NONE      DWG NO: C-101</p>	

# Dual Use – Electric Resistance Reheat Removed



# Incremental Cost – Must Subtract the Cost





# About Energy Tax Savers

- First EPC Act 179D service provider (founded 2005)
- Completed more EPC Act projects than any other firm (16,000+)
- Diverse background of firm professionals
  - Attorney, CPA, MBA, LEED AP, Enrolled Agent, Big4 Accounting Experience
- Advisors to DOE, NEMA and NRDC for EPC Act 179D extension and standards
- Over 150 published articles in various publications
  - *Corporate Business Taxation Monthly, Building Operating Management, IMARK Magazine, Retrofit Magazine, Parking Professional*



# Energy Tax Savers, Inc.

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Recorded Webinar

<https://www.youtube.com/watch?v=BQJqiq6Nyll>

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