

## Media Release

Voith Group

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### Inflation Reduction Act is a Game Changer for American Clean Energy

*Bill will boost U.S. hydropower and hydro manufacturing*

**YORK, Pa. (Aug. 16, 2022)** – Voith Hydro, the largest company with U.S.-based manufacturing capable of producing equipment for hydropower projects of all sizes, welcomed the passage of the Inflation Reduction Act. Among the bill's provisions that will provide a boost to the American clean energy economy are the clean energy tax credits and requirements for domestic sourcing. President Biden signed the legislation today after it passed both houses of Congress last week. The energy section of the legislation invests a total of \$369 billion in energy security and climate change.

“The Inflation Reduction Act is a welcome development for the U.S. hydropower industry and a game changer in the fight against climate change,” said Voith Hydro North America President and CEO Stanley Kocon. “I am particularly pleased that hydropower has finally achieved tax parity with other renewables, and that Congress recognized the need for pumped storage hydro through the technology’s inclusion in the expansion of the investment tax credit. The Inflation Reduction Act also starts to level the playing field for domestic manufacturing, enabling more and more Americans to join the fight against climate change.”

Kocon has long been a champion of “Buy American” provisions that require the federal government to give preference to U.S.-based manufacturers in its procurement decisions. Kocon [outlined his support for Buy American policies in an op ed](#) published last year in the *Philadelphia Inquirer*. With half of the U.S. hydropower fleet owned and operated by federal agencies, Buy American policies have a disproportionate impact on hydropower manufacturing.

Provisions of the legislation that will positively impact U.S. manufacturing and clean energy include:

- **Extension and modification of credit for electricity produced from certain renewable resources, including hydropower.** Extends the production tax credit (PTC) for facilities that begin construction before January 1, 2025. In addition, facilities that satisfy

domestic content requirements will receive an increased rate of 10 percent.

- **Extension and modification of energy credit.** Extends the energy investment tax credit for facilities that begin construction before January 1, 2035. It also expands eligibility to storage technology, including pumped storage hydro.
- **Clean energy investment credit.** Creates a new Section 48D that would provide a clean energy investment credit for eligible clean energy investments, structured as a technology-neutral incentive.
- **Extension of the advanced energy project credit.** Amends the tax code to expand the qualifications for and allocation of advanced energy project credits. The section specifies that within 180 days of this bill's enactment, a program must be implemented by Treasury to grant certification to applications by credit project sponsors. The modification allows the Secretary to allocate an additional \$10 billion in tax credits to qualifying projects.
- **Advanced manufacturing production credit.** Provides an outline of credits available to those who produce materials used for clean energy production in trade or business with an unrelated person.
- **Funding for implementation of the American Innovation and Manufacturing Act.** Appropriates \$20 million to the Environmental Protection Agency for the implementation of the American Innovation and Manufacturing Act, as well as \$3.5 million for the deployment, implementation and oversight of new tools to use when carrying out the Act. Furthermore, this section appropriates \$15 million for competitive grants for reclaim and innovative destruction technologies.
- **Advanced Industrial Facilities Deployment Program.** Appropriates about \$5.8 billion for the Office of Clean Energy Demonstrations to support: the purchase and installation of advanced industrial technology, retrofits and improvements to eligible facilities; installation or implementation of advanced industrial technology; or studies needed to prepare for such projects.

Voith Hydro is a full-line supplier of hydropower equipment and services including project planning and execution, manufacturing, electrical and mechanical engineering, outage management, modernization, and aftermarket business and services. Its North America headquarters in York, Pa. traces its manufacturing lineage back to 1877, when Stephen Morgan Smith began designing and producing hydraulic turbines.

### About the Voith Group

The Voith Group is a global technology company. With its broad portfolio of systems, products, services and digital applications, Voith sets standards in the markets of energy, paper, raw materials and transport & automotive. Founded in 1867, the company today has around 20,000 employees, sales of \$5.1 billion and locations in over 60 countries worldwide and is thus one of the larger family-owned companies in Europe.

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The Group Division Voith Hydro is part of the Voith Group and a leading full-line supplier as well as trusted partner for equipping hydropower plants. Voith develops customized, long-term solutions and services for large and small hydro plants all over the world. Its portfolio of products and services covers the entire life cycle and all major components for large and small hydro plants, from generators, turbines, pumps and automation systems, right through to spare parts, maintenance and training services, and digital solutions for intelligent hydropower.

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