

Funding for Solar at St. Luke's, Woodland



St. Luke's Woodland is taking advantage of the provisions of the 2022 Inflation Reduction Act that for the first allows it as a nonprofit to both own a solar project and receive the up to 30% elective tax credit. No longer does the credit require the risks of third party ownership. Once the solar system is in operation, St. Luke's may include the project in its annual IRS information return and receive direct payment of the amount receivable by a taxable entity as a solar tax credit.

St. Luke's has contracted with Omni Solar Solutions to install the system and has obtained an IRS loan approval of the amount of the direct payment available after completion. St. Luke's has financed installation with a below market rate loan from the Diocesan Investment Fund. When the direct payment is received, it will pay down a portion of the loan. In addition to relief from further PG&E rate increases, St. Luke's anticipates an immediate annual cash flow savings from debt service that is \$10k less than current PG&E charges. With a system sized at 105% of current usage, St. Luke's may receive compensation from PG&E for production greater than consumption.

Implementation is stalled by a long delay in installation by PG&E of an electric service to the property, including a pole, to solve a pre-existing problem. Upon that installation the project should proceed rapidly. Crucial with delays in installation, is the provision in the Investment Fund below market rate loan that interest runs only on loan proceeds actually advanced rather than from the time the deal closes. This protects St. Luke's from making loan payments before being relieved of PG&E power payments.