FEDERAL TAX CREDIT FOR RESIDENTIAL USERS OF BATTERY STORAGE TECHNOLOGY

Pursuant to 26 USC Section 25D [Section 13302(b) to (d) of the Inflation Reduction Act of 2022 ("IRA")], an Investment Tax Credit ("ITC") is available to homeowners for the Bronco Power Boost back-up battery storage unit ("BPB Unit"). As of January 1, 2023, homeowners can claim an ITC of 30% for standalone energy storage regardless of the source of electricity.

Specifically, a 30% ITC for Residential Clean Energy Credit for Battery Storage Technology is applicable to purchasers of the BPB Unit under Section 25D(6)[Section 13302d of the IRA]. Section 25D(6) provides: "The term 'qualified battery storage technology' means an expenditure for battery storage technology which: (A) is installed in connection with a dwelling unit located in the United States and used as a residence by the taxpayer, and (B) has a capacity of not less than 3 kilowatt hours." The are no maximum size, price, brand, manufacture or tax credit qualifications. The qualified expenditures for residential use include the cost of the BPB Unit including software, hardware and professional/installation services.

The ITC is not a check that the homeowner receives in the mail. Rather, it is a tax credit that reduces the homeowner's federal tax liability on a dollar for dollar basis in the same tax year that the BPB is installed and can be carried over if not used all at once. To claim the ITC, you will have to file IRS Form 5695. ***As with any tax accounting decision, please consult your CPA or tax advisor to determine if you have or will have sufficient tax liability to utilize the ITC.*** This Memorandum has been prepared for informational purposes only and does not constitute tax, legal or financial advice.

The BPB Unit provides reliable back-up power, cost savings, stability, demand shaving and avoidance of Time of Use ("TOU") Tariffs. The BPB Unit serves as a back-up energy source for users that face intermittent and frequent energy outages as well as service disruptions due to natural disasters (storms, hurricanes, etc.) and Planned Safety Power Shutoffs ("PSPS"). The BPB Unit also saves money for certain homeowners who are subject to TOU restrictions and pricing. In certain cities and states, the price of electricity changes throughout the day and can be significantly more expensive during times of peak demand-typically mornings and evenings. The BPB Unit can be charged with less expensive, off-peak electricity and then used during peak pricing periods to reduce the consumption of more costly, peak hour electricity. The BPB Unit can shift grid usage during peak periods in non-emergency situations and reduce stress on the grid. Given the lack of maintenance, lack of CO2 emissions and cost effectiveness, the BPB is a great alternative to more costly gas generators that do not entitle the homeowner to an ITC.

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