



Deadline **December 31, 2027**

The Federal Solar Window Is **Closing**

California businesses and nonprofits can still get the government to cover up to **50 to 70 percent** of commercial solar and storage. After December 31, 2027, that opportunity is gone for good.



COMMERCIAL ROOFTOP SOLAR ARRAY • SOLAR GAIN INSTALLATION

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A COMMERCIAL BUYER'S GUIDE

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This guide is written for the people who sign off on capital projects: owners, CEOs, CFOs, executive directors, operations leaders, and facility directors. It explains, in plain terms, how today's federal incentives work, how they combine, and why the calendar, not the technology, is the thing to plan around.

Why this window matters

For nearly two decades, federal policy has quietly subsidized commercial solar. That era is ending on a specific date, and most business owners have not done the math on what it means for them.

Under current federal tax law, a commercial property owner can combine a set of credits and deductions that offset a large share of the cost of a solar and battery storage system. Stacked together, these programs can cover well over half of a project, and in the right circumstances the total federal benefit can approach 70 percent of the system cost.

Here is the part that changes everything: these incentives are codified to expire on December 31, 2027. This is not a rumor or a proposal. It is written into the tax code, the same way the residential credits were already wound down.

Because commercial engineering, utility interconnection queues, and local permitting in California routinely take 12 to 18 months, a project cannot simply be ordered in late 2027 and still qualify. To capture the full benefit, the work has to be underway well before the deadline. In practice, that means decisions made in 2026, not 2027.

Non-profit organizations are included. Tax-exempt entities earn the same credits at the same percentages under the same deadline. What differs is how the money arrives, and chapter 06 walks through that path in detail.

50–70%

of system cost potentially offset
by combined federal incentives

Dec 31, 2027

the date these incentives are
set to expire

12–18 mo

typical California commercial
development timeline

The simple version

The technology is ready today. The money is on the table today. The only thing in short supply is time. The chapters ahead break the incentives into four layers so you can see exactly where the savings come from.

Layer one: the 30% Investment Tax Credit

The foundation of the stack is the federal Investment Tax Credit, known in the current code as the Section 48E credit.

The Investment Tax Credit, or ITC, is a dollar for dollar reduction in your federal tax bill equal to a percentage of what you spend on an eligible solar and storage system. The base credit is 30 percent. On a system that costs \$1,000,000, that is a \$300,000 reduction in what you owe the federal government.

A credit is not a deduction. A deduction lowers the income you are taxed on. A credit lowers the tax itself, which is why it is so much more valuable. The 30 percent base is also the floor of the program, not the ceiling. The next two layers show how qualifying projects can add to it.

Battery storage counts. Under current rules, standalone energy storage and storage paired with solar are both eligible for the credit, which matters a great deal in California, where storage is often the difference between a good project and a great one.

30%

base Investment Tax Credit on eligible solar and storage

\$300k

credit on a \$1M system at the base rate

Storage

battery systems are eligible, not just panels

Where we are so far

Base Investment Tax Credit: 30 percent. Keep this number in mind. Each of the next two chapters adds ten points on top of it for projects that qualify.

03

Layer two: the Energy Community Bonus

Qualify as an energy community and the credit climbs from 30 percent to 40 percent. It is location based, and many California businesses already sit inside a qualifying area without knowing it.

The Energy Community Bonus adds 10 percentage points to the Investment Tax Credit for projects located in designated areas. These include places tied to historical fossil fuel activity, certain brownfield sites, and areas that meet specific employment and tax criteria. The federal government publishes a map that shows exactly which cities and counties qualify.

The reason this matters for you is simple. Whether your facility qualifies is a question of address, not effort. If your building falls inside a qualifying zone, your credit is 40 percent instead of 30 percent with no change to the system you install. On a \$1,000,000 system, that single distinction is worth another \$100,000.

Confirming energy community status is one of the first things worth checking, because it is free to determine and it materially changes the economics of the entire project.

+10%

added to the ITC for qualifying locations

40%

total credit once the energy community bonus applies

\$400k

credit on a \$1M system at 40 percent

Running total

30 percent base, plus 10 percent for the energy community, brings a qualifying project to a 40 percent credit. One more layer to go before depreciation enters the picture.

Layer three: the Domestic Content Bonus

Build the system with enough American made equipment and the credit rises again, from 40 percent to 50 percent.

The Domestic Content Bonus adds another 10 percentage points to the Investment Tax Credit when a project meets thresholds for domestically produced components, such as panels, racking, and inverters. It rewards projects that source qualifying equipment made in the United States.

Unlike the energy community bonus, which is decided by your location, domestic content is decided by design. It is a choice made when the system is engineered and the equipment is specified. That means it is something a good EPC partner can plan for from the start, rather than a lucky accident discovered at the end.

Stacked with the previous two layers, this is where the direct credit reaches its ceiling. A project that is located in an energy community and built with qualifying domestic content earns a 50 percent Investment Tax Credit. On a \$1,000,000 system, that is half a million dollars back as a direct offset against federal tax.



Running total

30 plus 10 plus 10 equals a 50 percent direct credit. That is before we account for depreciation, which is the fourth and final layer.

Layer four: 100% bonus depreciation

The credits reduce your tax bill directly. Depreciation reduces your taxable income, and under current rules you can take it all in year one.

On top of the Investment Tax Credit, a commercial solar and storage system is a depreciable business asset. Current federal rules allow 100 percent first year bonus depreciation, which means you can write off the eligible cost basis of the system in the same tax year it is placed in service, rather than spreading it across many years.

Because this is a deduction against income rather than a credit against tax, its exact value depends on your tax rate and your situation. For many commercial taxpayers, first year depreciation adds a further meaningful reduction in taxes owed, layered on top of the 50 percent credit already described.

Add the credits and the depreciation together and the combined federal benefit on a qualifying project can approach 60 to 70 percent of the system cost. This is the headline number, and it is the reason the 2027 deadline is worth acting on rather than filing away for later.

50%

direct credit before depreciation

up to ~70%

combined benefit with first year depreciation

The four layers, together

A 30 percent base credit, plus 10 percent for the energy community, plus 10 percent for domestic content, plus 100 percent first year depreciation. The next chapter puts real dollars against a single example so the picture is concrete.

06

Non-profits: direct payment instead of depreciation

Tax-exempt organizations qualify for the same 30, 40, and 50 percent credits under the same December 31, 2027 deadline. What changes is how the money reaches you.

Because non-profits generally do not owe federal income tax, the 100 percent first year depreciation from the previous chapter does not apply. Federal law addresses this through a mechanism the IRS calls **elective pay**, better known as **direct payment**. It treats the credit as an overpayment of taxes, so rather than reducing a tax bill you do not have, the IRS issues your organization a refund check or direct deposit. On a \$1,000,000 system qualifying for both bonuses, that 50 percent credit arrives as cash.

30/40/50%

the same credit tiers available to for profit businesses

Dec 31, 2027

the same expiration date applies

Cash back

paid directly rather than claimed as depreciation

Who is eligible

501(c)(3) organizations including public charities, houses of worship, schools, and private foundations, plus other tax-exempt institutions such as civic leagues, social welfare organizations, and agricultural groups. Twelve distinct credits can be collected this way, most notably the Clean Electricity Investment Credit under Sections 48 and 48E for solar, and Section 45W for commercial clean vehicles.

HOW THE PROCESS WORKS

01 Place the project in service.

The system must be installed, operational, and owned by your organization before filing begins.

02 Pre-register with the IRS.

Register through the IRS Energy Credits Online portal using your EIN, bank details, and project documentation. The IRS then issues a registration number for each facility.

03 File an annual return.

Make the formal elective payment election on Form 990-T, even if your organization does not normally file one.

04 Attach the credit forms.

Include Form 3800 with your registration number, plus the source form for the technology, such as Form 3468 for solar.

One timing detail worth planning around. The IRS generally issues payment within 45 days after the due date of your annual return, not 45 days from when you submit it, so filing early does not accelerate it.

07

The stack on a \$1 million system

Numbers make the point better than percentages. Here is how the layers accumulate on an illustrative \$1,000,000 commercial solar and storage project that qualifies for both bonuses.

Step	Rate	Federal Benefit
System cost	–	\$1,000,000
Base Investment Tax Credit	30%	\$300,000
Energy Community Bonus	10%	\$100,000
Domestic Content Bonus	10%	\$100,000
Direct tax credit subtotal	50%	\$500,000
First year bonus depreciation benefit*	varies	\$150,000–\$200,000
Estimated total federal benefit	~60–70%	~\$650,000–\$700,000

**Illustrative only. The depreciation figure depends on your federal tax rate and the applicable basis reduction rules. This example is for education, not a tax opinion. Solar Gain will build a precise, facility specific cash flow model as part of your feasibility study, and your own tax advisor should confirm the treatment for your business.*

Read it this way

On this example, a business could see roughly two thirds of a million dollar investment returned through federal credits and deductions. The same project started after the deadline would capture little to none of it.

The countdown: why 2027 means 2026

The deadline is a finish line, not a starting gun. To be operational and qualified before December 31, 2027, the clock has to start much earlier. Here is the path a commercial project travels.



MONTH 0

Feasibility and design

Site assessment, energy analysis, roof or carport layout, and system engineering. Energy community and domestic content decisions are locked in here.



MONTHS 1-4

Engineering and procurement

Detailed engineering, equipment specification, and ordering. Qualifying domestic equipment can carry its own lead times.



MONTHS 3-9

Permitting and environmental review

Local building departments and the Authority Having Jurisdiction review plans. Larger sites may require environmental studies.



MONTHS 6-14

Utility interconnection

The utility reviews and approves the connection to the grid. Queues here are often the single longest and least predictable stretch.



MONTHS 12-18

Installation and commissioning

Construction, inspection, and the system being placed in service, which is the moment that anchors the tax benefit.

Do the subtraction

Count 12 to 18 months backward from the end of 2027 and you land in 2026. A signed agreement and funding secured this year is what keeps the full incentive within reach.

09 Who benefits most

Every commercial building can save, but the return is largest where energy use is heavy and continuous. If your operation looks like one of these, the math tends to be especially strong.

● Cold storage & refrigerated warehousing

Continuous cooling to preserve food, pharmaceuticals, and perishables runs up large, round the clock loads.

● Data centers

Server halls, cooling chillers, and backup power draw steady, high volume electricity for computation and AI workloads.

● Food & beverage processing

Bottling, canning, baking, and flash freezing carry heavy thermal loads and automated production lines.

● Manufacturing & metal fabrication

CNC machines, presses, injection molding, and welding stations mean high peak demand and process surcharges.

● Indoor & vertical agriculture

Continuous grow lighting, irrigation, and climate control make electricity the single largest operating cost.

● Big box retail & distribution

Vast rooftops and high daytime cooling demand pair a large solar footprint with steep peak charges to offset.

Also a strong fit

Biotech and pharmaceutical plants, hospitality and resorts, breweries, and large nonprofit facilities. If your utility bills are large and predictable, there is almost certainly a case worth modeling.

Paying for it: zero upfront options

A common objection is capital. The credits are generous, but they arrive at tax time, while the system is built now. Financing is designed to bridge exactly that gap.

Loans

Own the system and keep every credit and deduction. Financing structures let the energy savings help service the loan.

Leases

Predictable payments with little or nothing down, useful when preserving working capital is the priority.

Power Purchase Agreements

Pay only for the power the system produces, often below your current utility rate, with no upfront outlay.

There is a second reason the timing matters in California specifically. Under the state's Net Billing Tariff, often called NEM 3.0, the value of exporting power back to the grid has fallen sharply. That shift makes battery storage and non export systems more valuable, because keeping and using your own power on site is now worth more than selling it back.

A well designed solar and storage system lets you store what you generate and draw it down when it counts, which reduces your exposure to utility rate increases and to the control the utility has over your bill. That is the practical meaning of the phrase on our logo: own your power.

The obstacles that eat your timeline

Solar itself is straightforward. What consumes months is everything around it. Knowing the friction in advance is how you plan a project that actually finishes on time.

01 Utility interconnection queues.

Utilities have little incentive to move quickly, and the approval to connect to the grid is frequently the longest and least predictable step in the whole process.

02 Authority Having Jurisdiction requirements.

Local building departments set their own standards and review timelines, and requirements vary from one jurisdiction to the next.

03 Environmental studies.

Larger commercial and industrial sites can trigger additional environmental review, which needs to be scoped early rather than discovered late.

04 Equipment lead times.

Qualifying domestic content components can carry their own ordering windows, which is another reason procurement decisions cannot wait.

05 NEM 3.0 design implications.

California's current tariff rewards storage and on site use, so systems have to be engineered for the rules as they are now, not as they were a few years ago.

The point of listing these

None of these obstacles are dealbreakers. They are simply reasons the calendar is unforgiving. An experienced EPC partner sequences these steps in parallel wherever possible, which is what protects your deadline.



OWN YOUR POWER

A California EPC partner built for complex commercial projects

Solar Gain is a full service engineering, procurement, and construction firm for commercial, industrial, and large nonprofit solar and storage. We handle every stage of a project in house, from design and engineering through procurement, installation, and long term maintenance, and we back our work with the strongest warranties available.

Since 2008

delivering commercial and industrial solar across California and Arizona

EPC in house

design, engineering, procurement, and construction under one roof

Boutique focus

a curated commercial portfolio, not high volume throughput

Our California operations are led by Roman Black, President of Solar Gain Inc. and a licensed electrical professional in the state. Rather than force every site into a standard template, we engineer custom systems for irregular and multi facility properties, and we specialize in California's specific grid rules, including the Net Billing Tariff and non export storage designs that keep you independent of utility control.

Clients work directly with local project engineers and leadership, which avoids the bureaucratic delays common with national developers. Beyond panels, we deploy battery storage, commercial LED lighting, and efficiency measures, and we secure the state, federal, and utility incentives that make the numbers work.

Meet Ken Stout



YOUR COMMERCIAL SOLAR SPECIALIST

Ken Stout

For the better part of two decades, Ken Stout has helped California businesses treat energy as an asset they own rather than a bill they keep paying. His approach has stayed the same the whole way through: educate first, build a real relationship, and let the numbers make the case.

20 years guiding California businesses through the transition to solar.

Ken founded Clean Energy Funding Solutions in 2006 and still leads it today, focused on client education and on helping organizations move away from fossil fuels. From 2013 to 2024 he served as an authorized residential and commercial partner with SunPower, and in 2020 he received the SunPower Corporation Commercial National Rising Star Award. Today he leads commercial business development for Solar Gain Inc. across California.

2024 – Present

Solar Gain Inc.

Commercial business development across California, guiding owners and facility teams through the incentive stack.

2006 – Present

Clean Energy Funding Solutions

Founding owner, focused on client education and relationship building to drive the shift away from fossil fuels.

2013 – 2024

SunPower Solar

Authorized residential and commercial partner. Recipient of the 2020 Commercial National Rising Star Award.

1982 – 1992

Chevron USA Inc.

Sales and excise corporate tax accounting, accounts receivable, distribution, and oil exploration.

A FULL CIRCLE STORY

Ken began his career in the oil industry at Chevron USA in the 1980s. Years later, he returned to a former Chevron building, this time to install solar panels on the roof. It is a fitting picture of where his work has led, and of the commitment to sustainability that drives it.

YOUR NEXT STEP

See your numbers before the **2027 window** closes.

The fastest way to know what these incentives are worth for your facility is a short conversation. Book a free discovery call with Ken Stout and we will walk through your options together, with no pressure and no obligation.

Free • 30 Minutes • No Obligation

Book Your Free Discovery Call

- A quick read on whether your facility is a strong fit for the incentive stack
- A plain language look at the credits and depreciation you could qualify for
- Clear next steps and a realistic timeline to beat the 2027 deadline

Book My 30-Minute Call →

Or schedule online at calendly.com/ken-stout-solargaininc/30min

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YOUR HOST

Ken Stout, Solar Gain Inc.



OWN YOUR POWER



CARPORT SOLAR ARRAY • SOLAR GAIN COMMERCIAL INSTALLATION

The incentives are the largest they will ever be, and the deadline only moves in one direction. Let's find out what your building qualifies for.



YOUR COMMERCIAL SOLAR SPECIALIST

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