



MARKET INTEL | Q3 2024

Transferable tax credit pricing and market trends

reunioninfra.com | info@reunioninfra.com

Takeaways

An influx of large corporate buyers (\$100M+ in annual tax liability) entered the market in mid-2024, driving up pricing across the board

- Some buyers stepped into the market when they had a clearer sense of their tax liability. Others gained confidence after seeing peers complete tax credit transactions.

The most marked increase in tax credit pricing has been for large ITCs from creditworthy sellers

- Starting in Q3, we observed buyers bidding \$0.94 or even \$0.95 for ITCs that previously traded in the \$0.92 or \$0.93 range.

Forward-thinking buyers have started transacting on 2025 credits to access a wider selection of credits and avoid late-year bidding wars

- Only a subset of buyers are willing to place early bids on 2025 credits, resulting in less competition for these opportunities.

\$45X is the fastest growing credit in the market and is particularly attractive to large buyers

- Tax credit buyers generally prefer fewer transactions. As a result, many large buyers are looking for tax credit opportunities in the \$100M to \$500M+ range.

Speed of transactions has increased, with the average Reunion-facilitated transaction closing within 45 days from term sheet signing

- Often, the pre-term sheet process of preparing a buyer to transact (e.g., internal approvals, understanding pricing and terms required to win a deal) takes the most time.

Reunion estimates that \$21B to \$24B of clean energy tax credits will be transferred in 2024

- While tax equity will remain an important source of financing, transfers will exceed the tax equity market, approaching \$60B annually by 2030.

Contents

Transferable tax credit pricing	5
Market sizing	14
Emerging commercial trends	18
Market participants	22
Tax credit insurance	26
Methodology	29



Where tax credit deals get done.

Reunion facilitates the purchase and sale of clean energy tax credits and has worked with major corporations to acquire over \$2 billion in tax credits from solar, wind, storage, advanced manufacturing, and other clean energy projects.

Our curated marketplace features billions of dollars in high quality tax credit opportunities, and our team of clean energy finance veterans supports buyers and sellers through each step of the transaction process, with a focus on commercial negotiation, due diligence and risk mitigation.

Contact us at info@reunioninfra.com to learn more.

The Reunion logo is displayed in white text within a white rectangular border. The word "Reunion" is in a bold, sans-serif font, with a horizontal line through the middle of the letter "i".

Reunion

An aerial photograph of a large-scale solar farm. The image shows numerous rows of solar panels, which are tilted at an angle to maximize sunlight absorption. The panels are arranged in a grid-like pattern across a grassy field. The perspective is from a high angle, looking down at the rows of panels as they recede into the distance. The overall color palette is dominated by the blue of the solar panels and the green of the grass, with a semi-transparent teal overlay across the entire image.

Transferable tax credit pricing

Pricing for 2024 tax credits rose throughout the year, with a marked increase in Q3. We anticipate elevated pricing in Q4 for 2024 credits

Reunion has observed an emerging pattern of seasonality in the clean energy tax credit market in which there is a general supply-demand imbalance toward year-end.

While pricing has increased across all credit types, the most marked increase has been for large ITCs from creditworthy sellers. Opportunities that traded in the \$0.92 to \$0.93 range for most of the year, for example, are now receiving bids of \$0.94 or even \$0.95. We believe this will drive a significant increase in median pricing for ITCs for Q4.

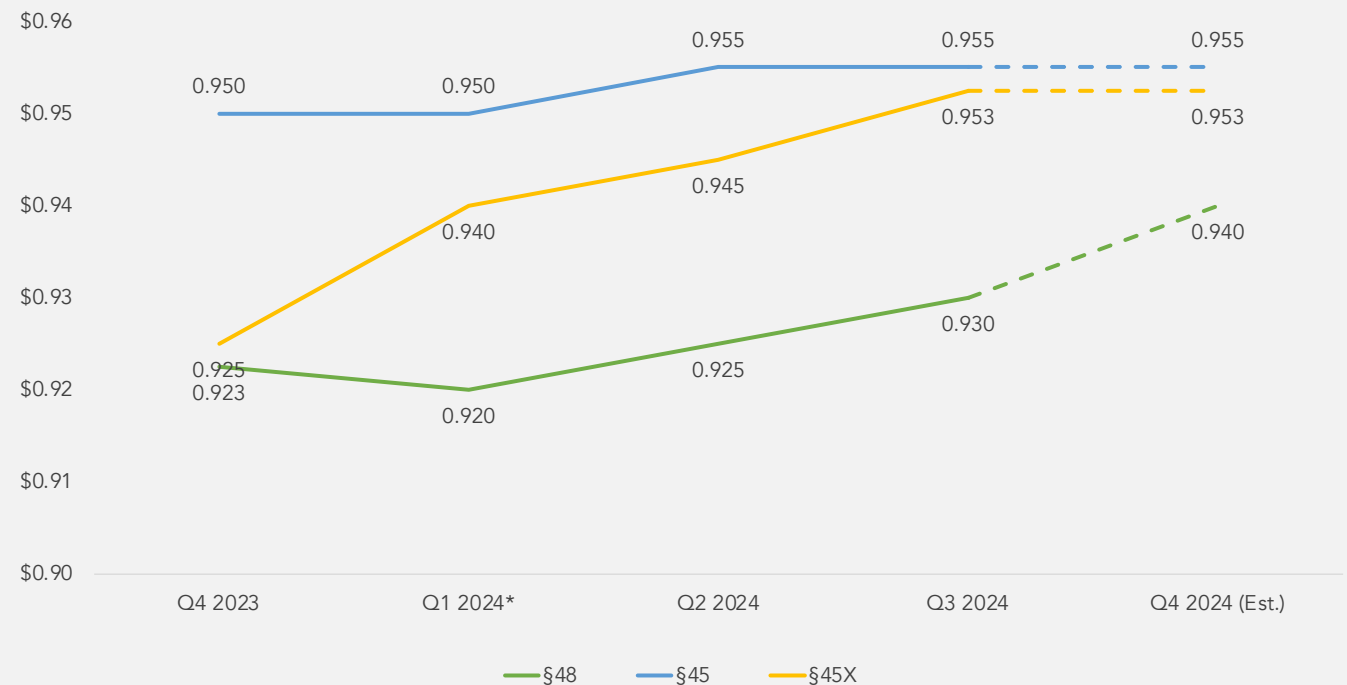


Figure 1: Median pricing for tax credit transfers by credit type (transactions \$25M or above)

Despite rising prices, deal size remained among the most salient pricing factors

We have observed a clear price premium for larger credits, which holds true across \$45, \$45X, and \$48 opportunities.

Large tax credit opportunities have benefitted from buyer competition, as buyers prefer dealing with a smaller number of transactions.

Buyers are also willing to accept a narrower discount on large transactions because the absolute dollar savings is still large. A narrow discount on a small project may not generate a large enough savings in tax for the buyer to pursue a tax credit.

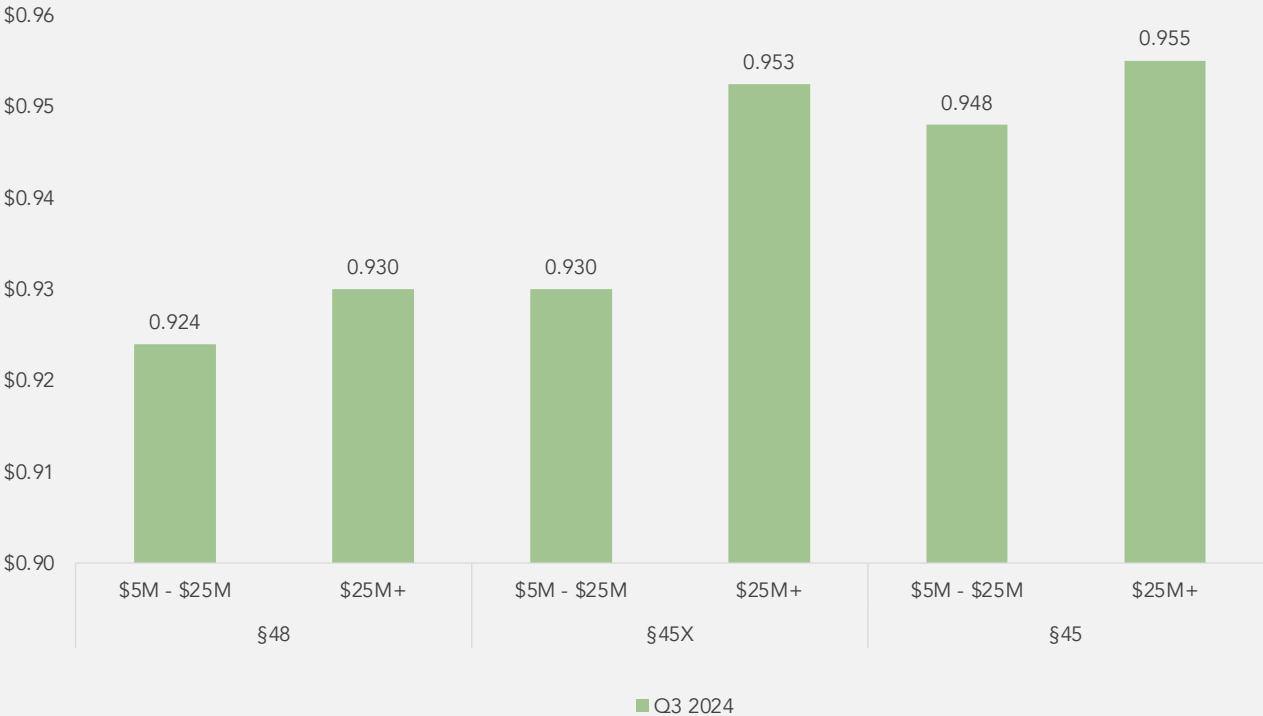


Figure 2: Q3 2024 median clean energy tax credit pricing

§48 ITC trends and observations

Pricing on large ITCs from creditworthy sellers increased significantly starting in Q3.

Earlier in the year, many buyers were hesitant to purchase §48 ITCs because the buyer would effectively pay for all four quarters' worth of estimated taxes upfront.

Buyers are more comfortable with the cash flow impact of purchasing ITCs later in the year, which has driven up demand starting in Q3.

For most of the year, ITCs from creditworthy sellers traded in the \$0.92 to \$0.93 range, but as of Q3 we are seeing buyers bid \$0.94 or even \$0.95.

Many buyers avoid projects with Q4 placed in service dates, which represents an opportunity for buyers with flexibility.

Certain buyers will not consider projects with late 2024 placed in service dates, due to the risk of delays pushing the credit into the subsequent tax year.

Some buyers are offering tiered pricing bids. In Q3, Reunion helped a buyer acquire a \$25M tranche of ITCs that were priced at \$0.92 for a 2024 PIS and \$0.90 for a 2025 PIS.

We believe additional credits with late-year PIS dates will become available later in 2024 or in early 2025, when sellers have certainty around to which tax year the credit can be applied.

Large credit volumes from single assets remain in high demand, although certain buyers seek ITCs from portfolios from single developers.

Multiple projects provide diversification in the event of a recapture or disallowance of credits.

Buyers can structure payments quarterly in arrears as projects are placed in service, improving the cash flow profile of payments.

Many of these portfolios are exempt from prevailing wage and apprenticeship requirements because of the one MW exception.

\$48 ITC pricing // Spot transactions \$25M and above

Technologies represented in dataset

Solar (utility, community, C&I, residential), storage, biogas, fuel cell, combined heat and power

Tax credit insurance

76% of transactions

Commentary

Pricing for §48 ITCs was lowest in Q1, when the fewest number of buyers were ready to commit. Pricing has steadily increased, with a significant jump in Q4 expected based on current bids in the market.

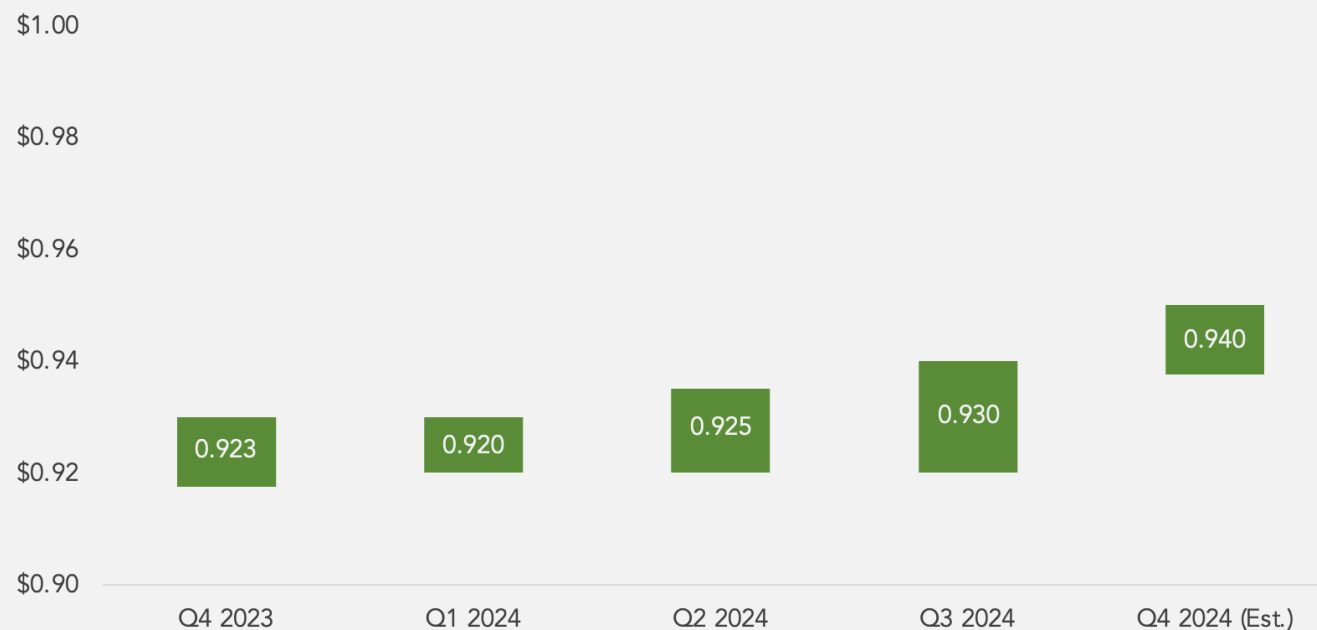


Figure 3: Pricing for §48 ITCs on transactions \$25M and above

§45 PTC pricing trends and observations

§45 PTC transactions are in high demand, with many transactions closing early in the year. However, the supply of PTC opportunities dwindled starting in Q2 2024.

When tax credit transfers began in late 2023, buyers gravitated towards PTCs due to simplicity of transaction and lack of recapture risk.

The volume of PTC transactions fell starting in Q2, presumably due to lack of supply:

- While solar projects can elect to generate PTCs, most have opted for ITCs – particularly when bonus credit adders are involved
- Many sizable PTC projects have lined up traditional tax equity commitments

Pricing has remained relatively stable throughout 2024, in the mid-\$0.90s per credit.

Although we have observed a few outlier transactions that traded above \$0.96, spot PTCs have generally traded in a tight band in the \$0.95 to \$0.96 range.

Forward purchases have traded at a discount to spot purchases – typically from \$0.01 to \$0.03, depending on the size and duration of the transaction.

We have observed a number of buyers entering into forward PTC transactions, but this market remains relatively thin.

Our dataset includes examples of multi-year purchases of solar and wind PTCs, typically with durations of two to five years. We have also observed several transactions involving ten-year PTC strips.

\$45 PTC pricing // Spot transactions \$25M and above

Technologies represented in dataset

Wind, solar, biomass

Tax credit insurance

16% of transactions

Commentary

Pricing has remained relatively stable throughout 2024, in the mid-\$0.90s per credit.

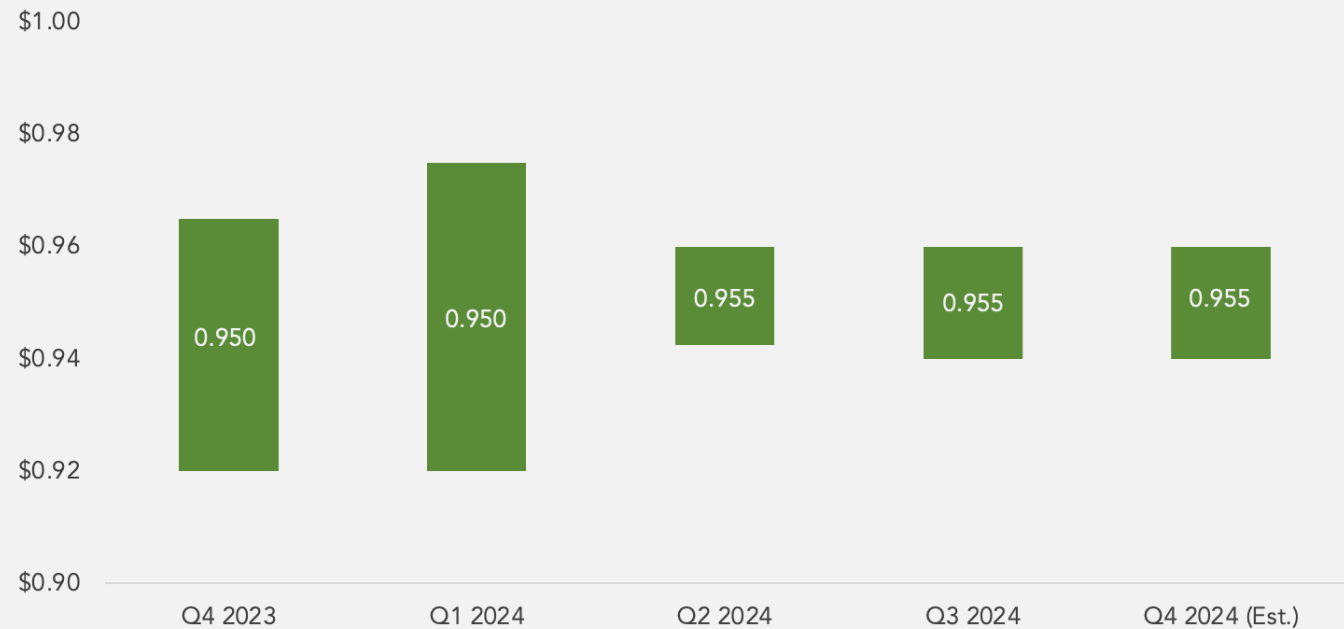


Figure 4: Pricing for \$45 PTCs on transactions \$25M and above

§45X AMPC trends and observations

§45X AMPCs are now trading at a similar price compared to §45 PTCs.

Buyers are attracted to AMPCs because they do not carry recapture risk and are simpler to diligence than ITCs.

In addition, large manufacturers selling AMPCs may be able to provide a creditworthy indemnity or guaranty, which is a strong selling point for buyers.

A major draw of §45X credits is the sheer volume of credits. Many large taxpayers are looking for tax credit opportunities in the \$100M to \$500M+ range.

The largest transactions in our dataset are §45X AMPCs. It can be difficult to find sizable ITC or PTC opportunities; our dataset includes very few individual transactions of ITCs or PTCs above \$200M in volume.

§45X is the fastest growing credit in the market, as manufacturers have quickly established large domestic operations.

We are seeing a diversity of §45X transactions across technology, deal size, and sellers:

- Technology: Traditional clean energy components (e.g., solar and wind, inverters, battery cells and modules), critical minerals, and newer clean energy components including long-duration energy storage
- Deal size: Small deals in the single-digit millions, up to very large deals that approach or exceed \$1 billion
- Sellers: Startups with new technologies, joint ventures with international manufacturers, and investment-grade sellers

\$45X AMPC pricing // Spot transactions \$25M and above

Technologies represented in dataset

Solar components, wind components, battery components, critical minerals

Tax credit insurance

36% of transactions

Commentary

\$45X has been the fastest growing credit in the market, as manufacturers have quickly established large domestic operations. \$45X AMPCs are now trading at a similar price compared to \$45 PTCs.

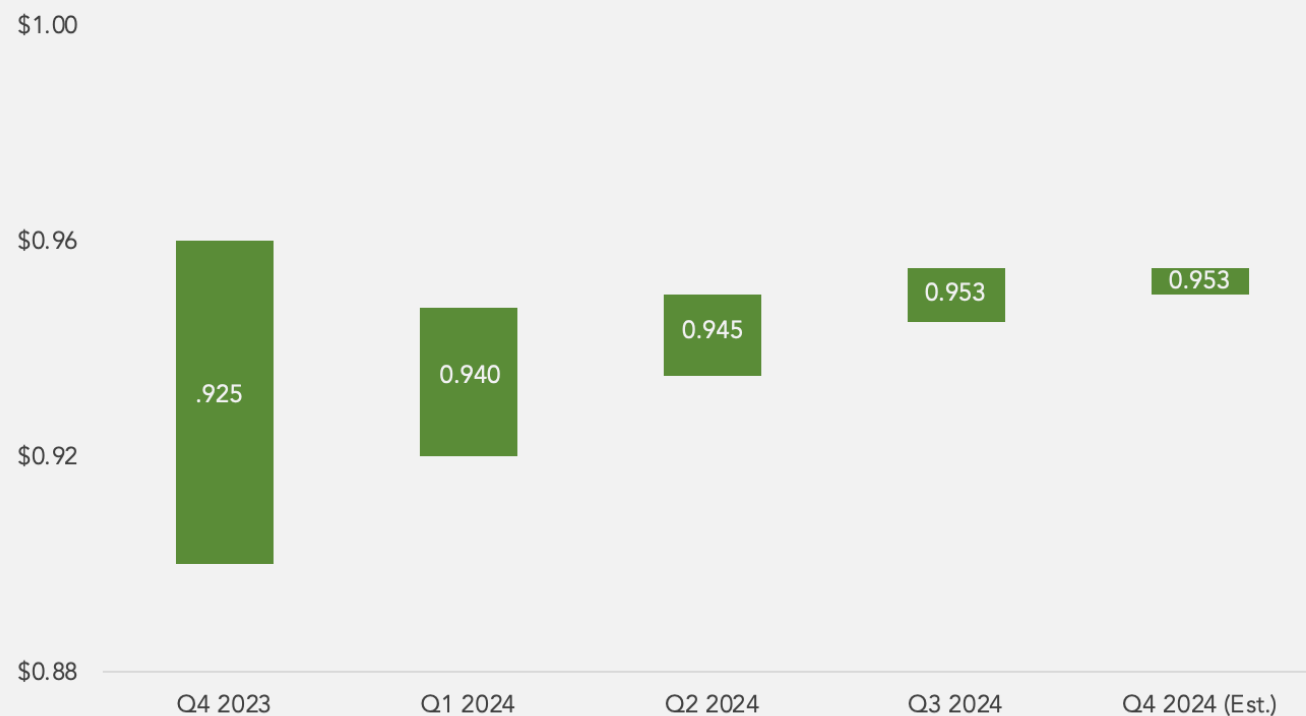


Figure 5: Pricing for \$45X AMPCs on transactions \$25M and above

An aerial photograph of a vast solar farm, showing numerous rows of solar panels stretching across a green field. The panels are tilted at an angle, and the perspective creates a strong sense of depth and repetition. The image is overlaid with a semi-transparent blue filter.

Estimated size of tax credit market

Reunion estimates that the total size of the transferable clean energy tax credit market will be \$45B to \$50B in 2024. Of this total, \$21B to \$24B will be transferred

We estimate that the total size of the transferable tax credit market in 2024 will range from \$45B to \$50B, which will be broken into four key monetization strategies:

- Transfer: \$21B to \$24B
- Tax equity: \$21B to \$23B
- Retain: \$1.8B to \$2.4B
- Direct pay: \$0.8B to \$1.0B

Our [complete analysis](#) is available on our insights page.

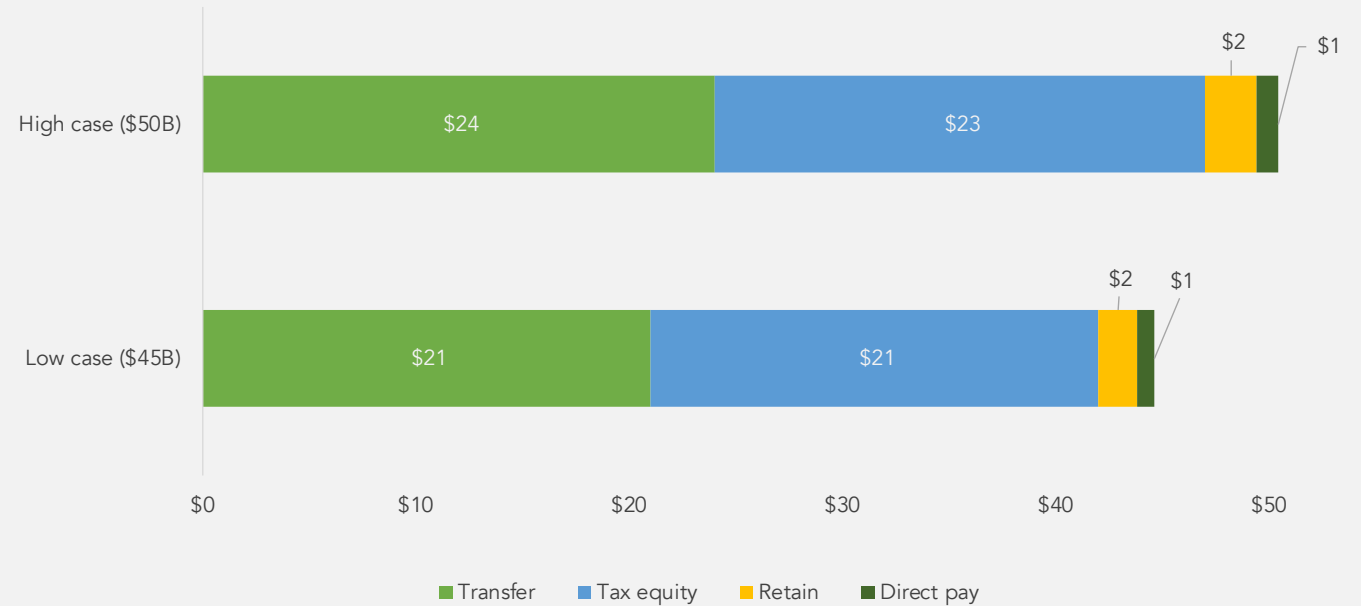


Figure 6: Estimated size of the transferable tax credit market in 2024

Reunion estimates that the total size of the transferable clean energy tax credit market will approach \$700B through 2032. 50% to 60% of this total will be transferred

We expect the overall tax credit market to grow by an average of 10% to 15% per year, peaking in 2030. The highest percentage of this growth will occur in transferability (versus other monetization strategies).

We estimate that the total tax credit market will approach \$700B from 2024 through 2032, over \$350B of which will be monetized through transferability.

Our [complete analysis](#) is available on our insights page.

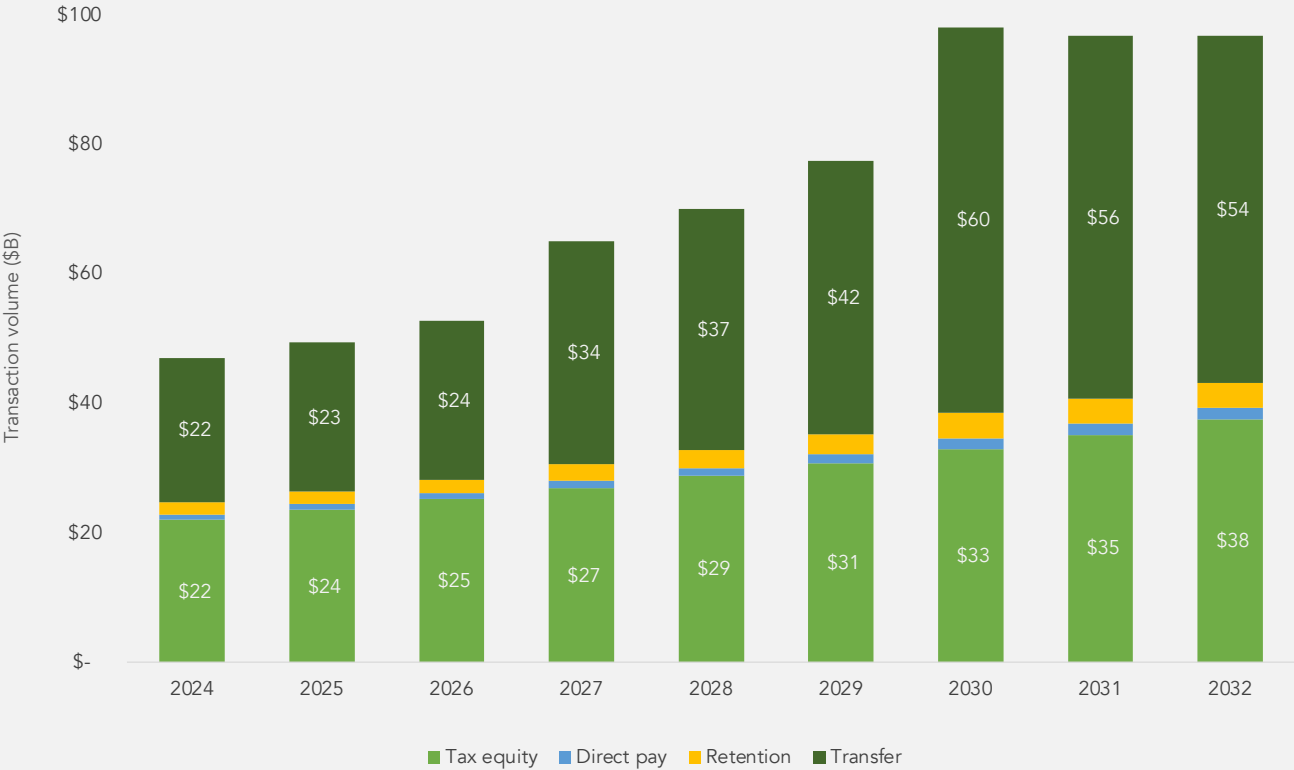


Figure 7: Estimated size of the transferable tax credit market through 2032

Insights, resources, and events

Recent insights

[Demand for tax credits has surged in Q3. Buyers should start looking at 2025 credits](#)

A pattern of seasonality has emerged in the tax credit market. In late Q3, pricing increased significantly for 2024 tax-year credits. The most dramatic price increase has been for large ITCs.

[Unlocking the economic benefits of tax credits before cash payment](#)

Corporate taxpayers can buy tax credits in a way that preserves the timing of existing tax-related cashflows, or even improves corporate cash availability relative to the status quo.

Popular resources

[Transferable tax credit handbook](#)

Our team recently launched version 3.0 of our seminal transferable tax credit handbook, which has been downloaded by more than 4,000 market participants. At 140 pages, version 3.0 includes final transferability and PWA regulations and a deep dive on the domestic content safe harbor.

[\\$48 ITC documentation and due diligence guide](#)

Reunion's due diligence guide gives tax credit buyers, sellers, and their respective advisors a set of shared expectations on the required analysis and documentation for \$48 ITCs.

Upcoming events

[October 24-25: Chicago Tax Club \(CTC\) Fall Seminar](#)

Reunion's markets team is returning to Chicago to speak at the CTC's annual fall seminar.

[October 27-30: Tax Executives Institute \(TEI\) Annual Conference](#)

Members of Reunion's markets, research and transactions teams will be in San Antonio for TEI's annual conference. Reunion's CEO, Andy Moon, will speak on a panel about transferable tax credits.

An aerial photograph of a large-scale solar farm. The image shows numerous rows of solar panels, which are tilted at an angle to maximize sunlight absorption. The panels are arranged in a grid-like pattern across a grassy field. The perspective is from a high angle, looking down at the panels, which recede into the distance. The overall color palette is dominated by the blue of the solar panels and the green of the grass, with a semi-transparent blue overlay on the left side where the text is located.

Emerging commercial trends

Tax credit transfers are closing substantially faster – on average, within 45 days

When executing a term sheet, a tax credit buyer and seller will negotiate a period of exclusivity, which typically ranges from 30 to 60 calendar days.

In 2023, it was not uncommon for transacting parties – many of whom were executing their first tax credit transfer – to extend the exclusivity period to allow more time for due diligence and negotiations. These extensions persisted into early 2024.

By Q3 2024, most transactions closed within their specified exclusivity period – generally, 30 to 60 days.

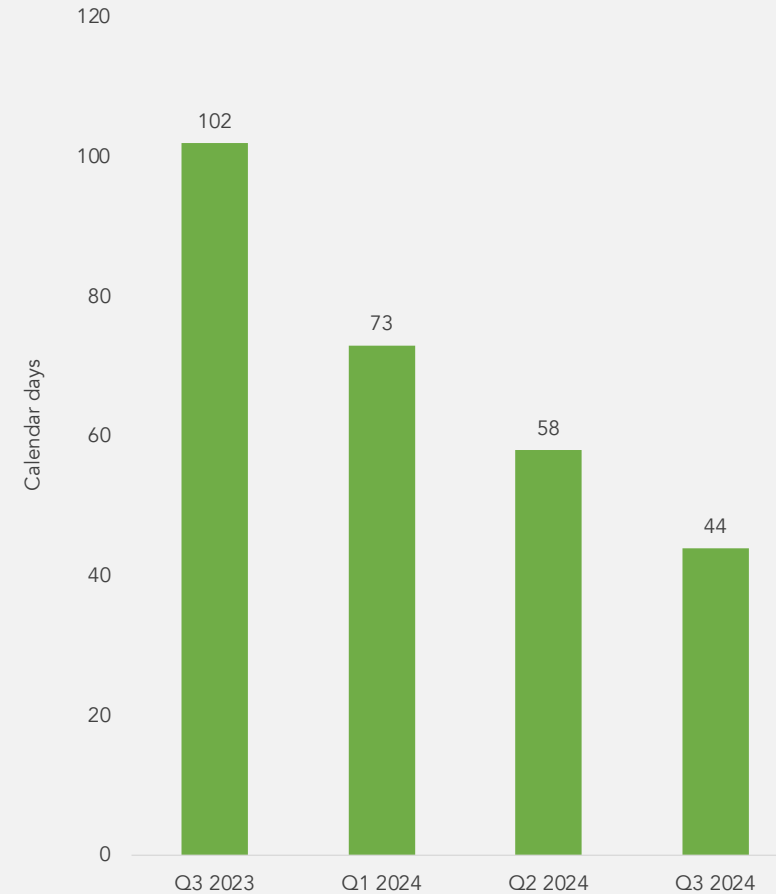


Figure 8: Average duration of tax credit transfers

A capped reimbursement for a buyer's transaction fees has become commonplace

Over the course of 2024, an increasing number of corporate tax credit buyers have negotiated with the seller to provide a capped reimbursement for third-party fees. These fees generally include legal and due diligence expenses. By Q3, over 90% of transactions with corporate buyers included a fee reimbursement.

Although most buyers want to avoid above-the-line expenses associated with tax credit transfers, a small minority are indifferent.

Reunion is collecting data on the size of capped fee reimbursements, and we plan to report this data in our year-end report.

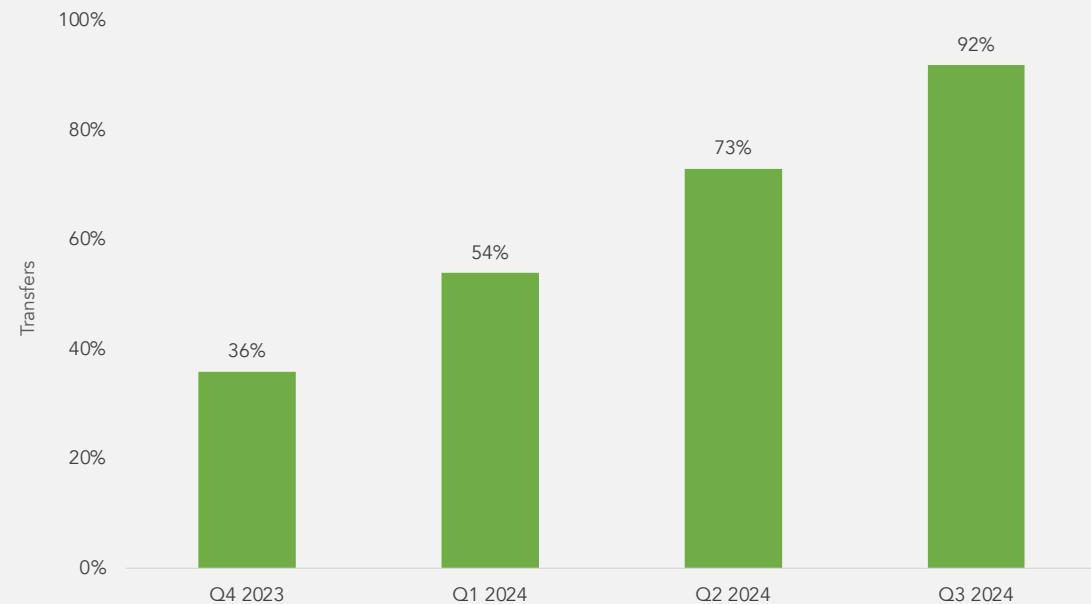


Figure 9: Tax credit transfers involving a seller-provided reimbursement for the buyer's fees

Additional commercial trends

The level of due diligence required by buyers varies widely.

The buy side of the market has yet to (and may not) coalesce around a set of shared expectations with respect to the depth and breadth of due diligence.

Buyers continue to require different levels of due diligence, irrespective of their prior experience with tax equity or tax credit transfers.

Deal complexity is not strongly correlated to deal size. Some large deals are straightforward, while some smaller deals are complex.

Larger deals are not necessarily more complex than small deals. In fact, some of the largest credit volumes have come from §45X AMPCs, which are generally easier to due diligence.

A small §48 ITC transaction, conversely, can be highly complex because of recapture, step-up, PWA compliance, lender forbearance, and bonus credits (among others).

The market will continue to be fragmented on both sides, with many sellers and buyers.

We have observed many new market entrants on both the buy and sell side. There is broad awareness of transferable tax credits among corporate tax teams, and new active buyers will continue to enter the market.

While there are many traditional renewable energy developers, many new sellers have and will continue to emerge, particularly relating to manufacturing and new technologies.

A “soft” ceiling on basis step-ups may be emerging.

While money center banks providing tax equity have historically had caps on FMV step-ups, we are seeing increased scrutiny by insurers and certain corporate taxpayers.

As the market continues to evolve, a de facto cap on step-ups may emerge, particularly if there is increased audit activity related to eligible cost basis.

Market participants

An aerial photograph of a large-scale solar farm. The image shows numerous rows of solar panels, which are tilted at an angle to maximize sunlight absorption. The panels are arranged in a grid-like pattern, with narrow paths or access roads separating the rows. The overall color palette is dominated by the blue of the solar panels and the green of the grass visible between the rows. The perspective is from a high angle, looking down and slightly across the rows, creating a sense of depth and scale.

Reunion's mix of corporate tax credit buyers reflects the broader U.S. corporate landscape

Reunion has directly engaged over 500 corporate taxpayers who have purchased, or are planning to soon purchase, clean energy tax credits. When viewed by sector, Reunion's pool of tax credit buyers closely parallels the S&P 500 – a useful proxy for the broader U.S. corporate landscape.

The Inflation Reduction Act's transferability mechanism is working as designed: companies of all stripes are thoughtfully entering the clean energy tax credit market.

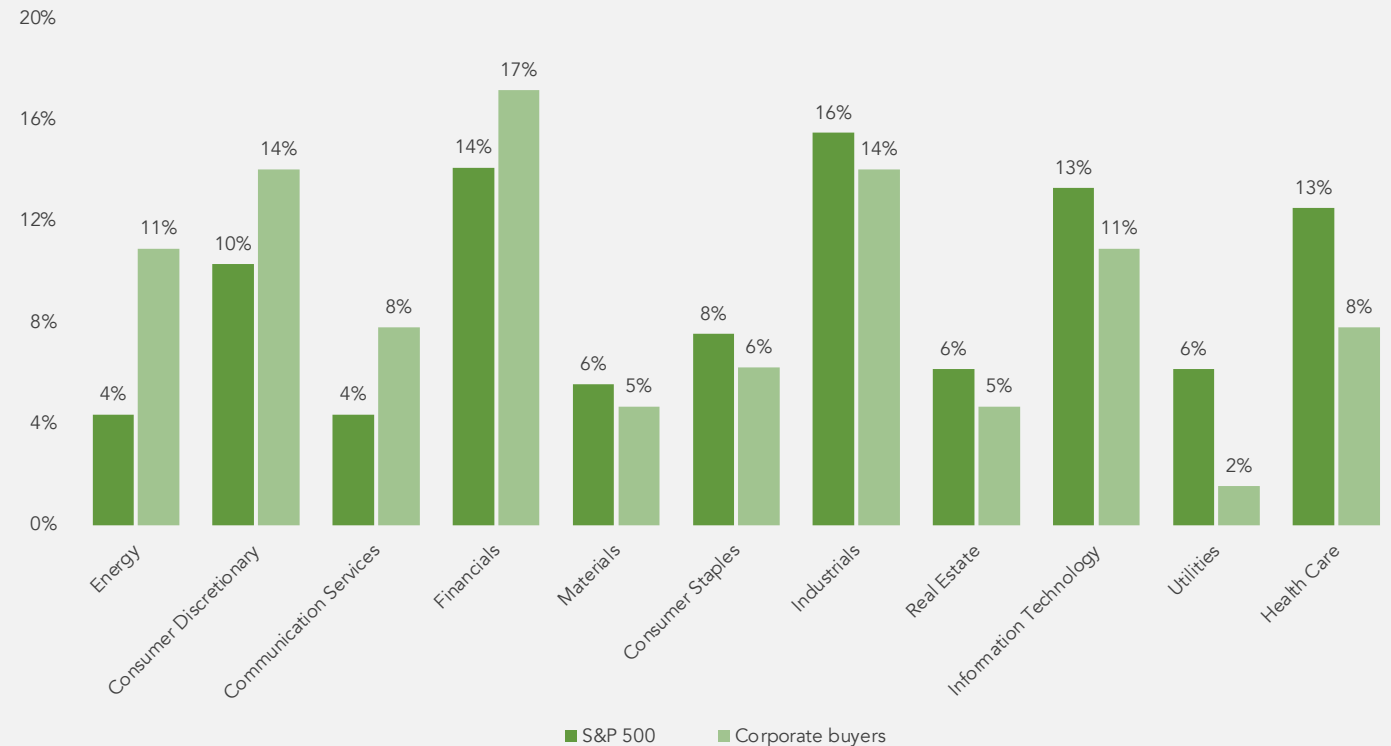


Figure 10: Corporate tax credit buyers compared to S&P 500

Clean energy developers and manufacturers are bringing an increasing variety of credits and technologies to the market

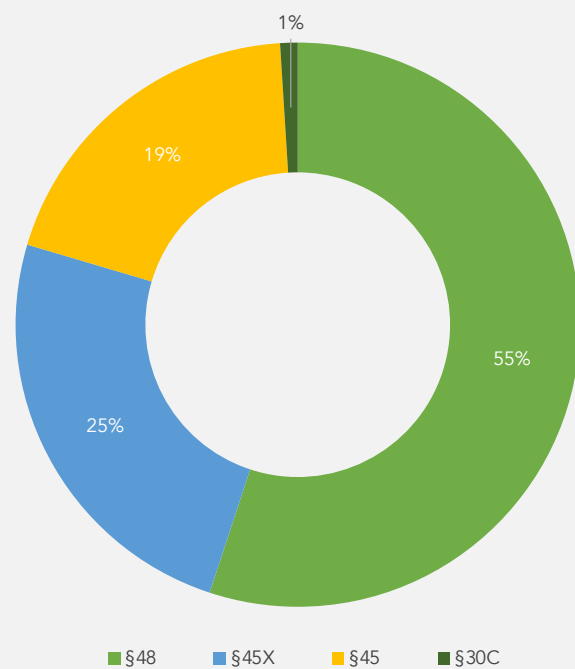


Figure 11: Tax credit transfers by credit (based on number of deals)

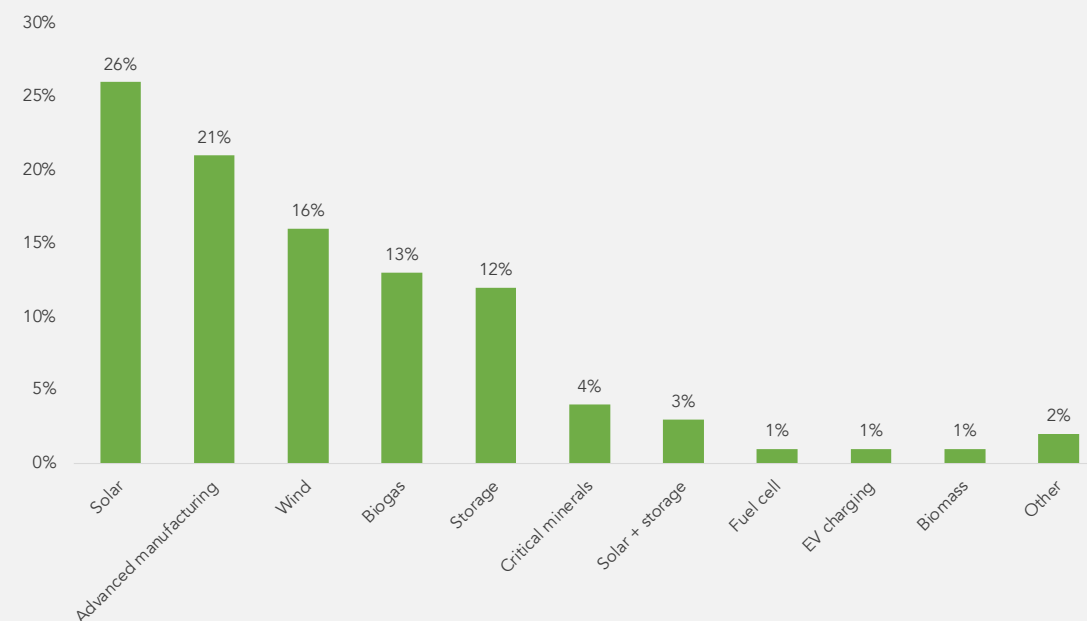


Figure 12: Tax credit transfers by technology (based on number of deals)

Traditional tax equity, including “t-flips,” will continue to play a meaningful role in the clean energy financing market

Prior to the IRA’s transferability mechanism, tax equity served as the primary monetization strategy for clean energy developers. In the years immediately leading up to the passage of the IRA, tax equity was an \$18B to \$20B annual market, largely driven by a handful of large banks.

Although transferability was designed to simplify tax credit monetization and invite new market participants, Reunion believes “traditional” tax equity will continue to play a meaningful role in the post-IRA world.

Many, if not all, tax equity partnerships have taken on a hybrid, or “t-flip,” structure, in which some tax credits are transferred out of the tax equity partnership to a third party.

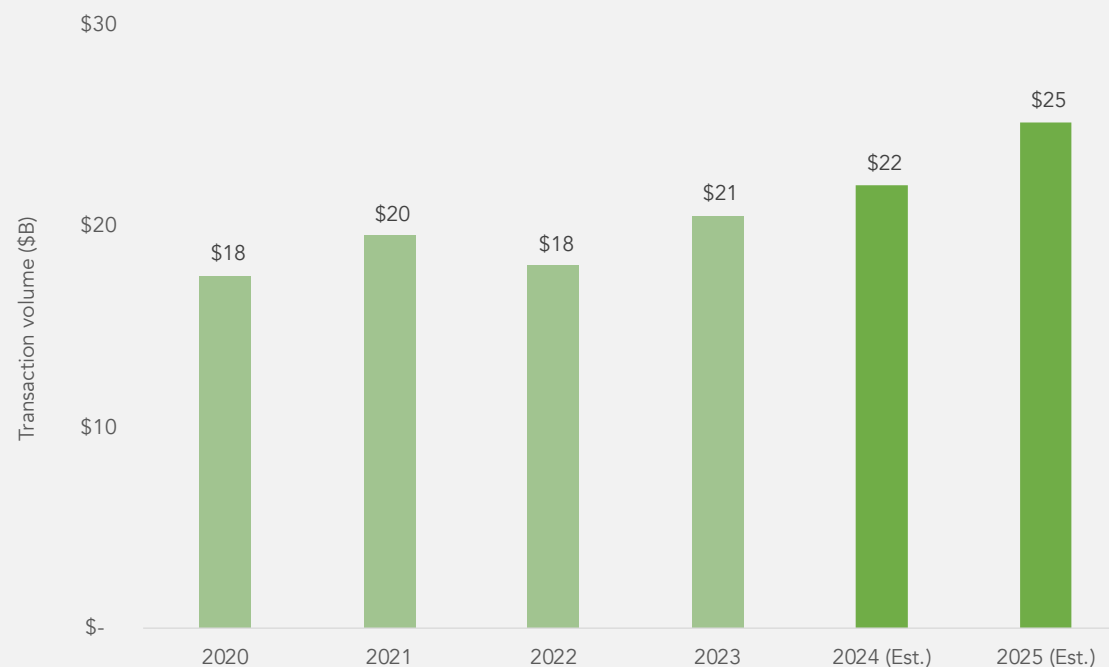


Figure 13: Estimated size of tax equity market (\$B)

Tax credit insurance

An aerial photograph of a large-scale solar farm. The image shows numerous rows of solar panels, which appear as a grid of blue rectangles, stretching across a green field. The panels are tilted at an angle, and the perspective is from a high vantage point, looking down and across the rows. The overall color palette is dominated by the blue of the panels and the green of the grass, with a semi-transparent blue overlay on the left side where the text is located.

47% of tax credit transfers in 2023 and 2024 have involved insurance

Drawing on long-standing experience within the traditional tax equity market, insurance providers quickly entered the transferability market. According to Lockton, nearly 60% of tax credit policies bound in Q1 and Q2 2024 were on tax credit transfer deals (including hybrid tax equity transactions). Our data set reaches a similar conclusion.

Reunion helped buyers and sellers source insurance on deals ranging in size from \$3M to \$160M. However, our team also facilitated transactions *without* insurance on transactions as small as \$10M.

Reunion's transactions team has observed that most transactions position insurance as "first line of defense" (before a seller indemnity) in the event of a disqualification and/or recapture event.

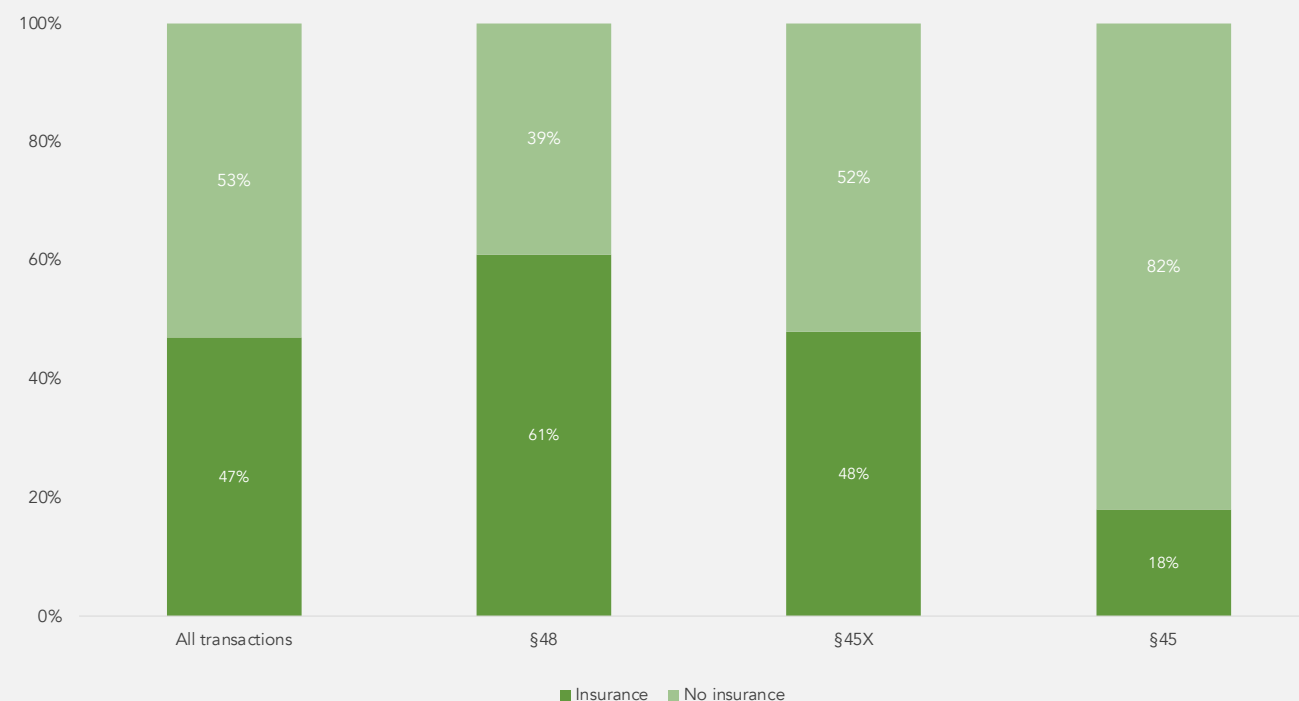


Figure 14: Use of tax credit insurance

68% of tax credit insurance policies involved §48 ITCs. 25% of policies covered §45X AMPCs

§48 ITCs

Tax credit insurance covered a range of technologies under §48 ITC transfers. The median transaction size for insured deals is \$21M, although Reunion has facilitated insurance coverage on transactions over \$150M.

§45X AMPCs

Reunion's buyers requested tax credit insurance for most §45X transactions that did not have creditworthy sellers. The median transaction size involving insurance was \$19M.

§45 PTCs

Several buyers placed tax credit insurance policies on multi-year forward purchases of §45 PTCs.

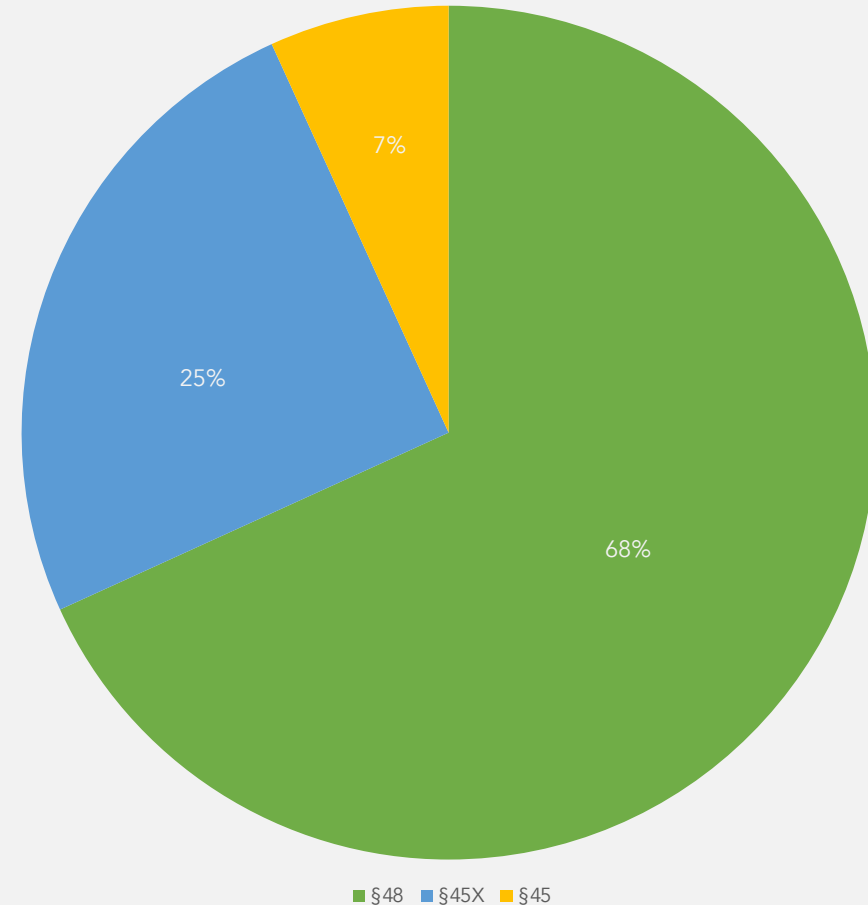


Figure 15: Use of tax credit insurance by credit type



Appendix: Methodology

Collect

We gather transactions data on a rolling basis from three primary sources:

- Our clean energy tax credit platform
- Public disclosures, including SEC filings
- Trusted partners

When collected from trusted partners, data is anonymized to protect the identities of transacting parties.

We collect pricing data on a gross basis, which reflects the “all in” cost to the tax credit buyer.

Validate

To prevent incomplete or duplicative data, we require a minimum number of attributes per deal – credit type, technology, “all in” price to the buyer, structure (spot, single-year forward, multi-year forward), transaction quarter, and payment terms.

Once we have enough attributes to include a deal in our data set, we compare it to other deals and control for potential duplicates.

We generally exclude transactions that present highly idiosyncratic deal terms – for example, unusually delayed payment terms and unproven technologies that trade at wide discounts.

Aggregate

To ensure our data remains anonymous, we aggregate deals by quarter, credit type, and deal size.

Of course, some public transactions, like First Solar’s \$700M sale of \$45X AMPCs to Fiserv in Q4 of 2023, can be readily viewed in our data.

Unless otherwise noted, all data is presented by number of transactions and not weighted by volume of credits transacted.

Update

Although we present historical data, our pricing is subject to retroactive changes. If we identify a transaction that closed in a prior quarter, we will update the appropriate pricing series.

We also present forward-looking prices for the report’s subsequent quarter. Reunion will convert this estimate to actuals in the next release.

We publish an indicative “P25-P75” range and a median price for each quarter. Prices are “all in” to the buyer

We present our quarterly pricing data as a high-low range, based on an assumed “P75” and “P25” of the overall transferable tax credit market. We also present a median price.

Pricing reflects what buyers paid for the credit. When reviewing our prices, one should assume that transaction fees and the cost of insurance (if applicable) are taken out of the net proceeds that ultimately reach the seller.

Our pricing series include an *estimate* for the subsequent quarter, which is based on data from transactions that are scheduled to close in that quarter.

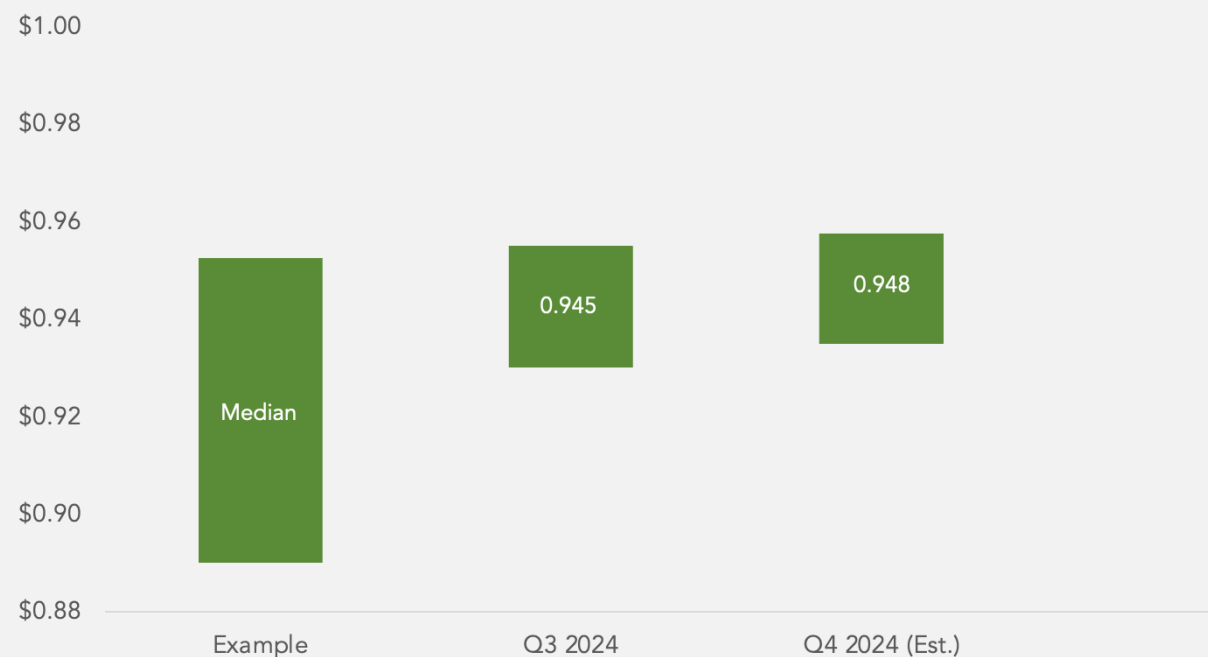


Figure 16: Sample visualization of Reunion’s tax credit pricing data



These materials and the information contained herein, along with any associated oral presentation or discussion (together, the "Materials") are provided by Reunion Infrastructure, Inc. ("Reunion") for general informational purposes only and should not be relied upon for purposes of any transaction or a definitive agreement, or for any other purpose. These Materials are the property and proprietary work product of Reunion and may not be distributed or replicated in any form without the prior consent of Reunion. Any Materials provided do not constitute (i) a recommendation to enter into any particular transaction, (ii) investment, legal, accounting, or tax advice; or (iii) any other advice. You should consult your own attorney and advisors before engaging in any transaction.

The information contained herein reflects and is based upon data and information provided by third parties, including clean energy project developers and manufacturers. In preparing this document, Reunion has assumed and relied upon the accuracy and completeness of all such information.

REUNION DOES NOT GUARANTEE, AND MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO, THE ACCURACY OR COMPLETENESS OF ANY SUCH INFORMATION OR OF THE INFORMATION CONTAINED HEREIN, AND ALL INFORMATION CONTAINED HEREIN IS PROVIDED "AS-IS." WITH RESPECT TO THE MATERIALS, REUNION EXPRESSLY DISCLAIMS WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR WARRANTY OF TITLE. REUNION DOES NOT WARRANT, ENDORSE, OR ASSUME RESPONSIBILITY OR LIABILITY FOR ANY ACTION OR INACTION BASED ON ANY INFORMATION CONTAINED HEREIN.

All projections, estimations, and analyses provided: (i) may be based on subjective assessments and assumptions, (ii) may use one among several alternative methodologies that produce different results, and (iii) to the extent such projections, estimations, or analyses are based on historical information, should not be relied upon as an accurate prediction of future performance, and no representation or warranty, express or implied, is made regarding future performance. All projections and forecasts are illustrative only and nothing contained herein is intended to suggest any outcome is more likely than another, nor are all possible outcomes or the range of possible outcomes included herein.