

Two Years of Transferability:

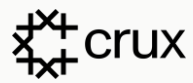
Key Lessons and What Buyers Should Know for Q4 and Beyond

November 2025

Speakers



Stephanie Deterding
*Managing Director, Tax
Investor Coverage*



Ethan R. Goldman
*Partner,
Tax*



Kailash Gupta
*Counsel,
Finance*



Agenda

October 17, 2025

- 01 Market foundations
- 02 Common document provisions and guaranty considerations
- 03 Risk mitigation in practice

- 04 Buyer execution strategy for 2H25
- 05 Resources



1

Market foundations

Crux is the capital markets platform for the clean economy

Crux delivers...

Liquidity

Connect quickly with the right counterparties for all types of transactions through the largest network of market participants.

Efficiency

Drive certainty with our expert team, powerful software, and market-validated standards for due diligence and legal documentation.

Intelligence

Leverage the leading market research and models built on the largest dataset of clean energy tax credit transactions.

...across the full capital stack

Transfer credits

Transact on the leading marketplace for transferable tax credits to access capital or reduce your tax liability.

Debt

Close construction, bridge, permanent, and other types of loan transactions.

Market intelligence

Access unmatched market intelligence, based on billions of dollars of transaction-level data.

Transferable Tax Credits [TTCs]

It is important to understand not just TTC types, but also who can purchase these credits, and how to apply TTCs once they are purchased



What are the types of TTCs?

- IRS established two types:
 - **Section 48 investment tax credit**
[ITC], generated when projects placed in service, sized to cost
 - **Section 45 production tax credit**
[PTC], determined by amount of energy or components produced
- **11 eligible technology** categories
- **Bonus adders** enhance value



Who can purchase TTCs?

- **Buyers** who are independent of credit-generating project(s)
- Today, **diverse buyers participate in the market**, including Fortune 500, banks, insurance companies, family offices, and smaller corporates looking to offset a few million in liability
- Individuals are typically not able to offset their tax liability without extensive diligence around passive income rules



How do buyers apply TTCs?

- **Credits** are sold at a **discount to face value**, creating a new tax management tool for corporate buyers
- **Buyer claims credits in its tax year that ends on same date as seller's** by filing transfer election statement
- TTCs can be **sold only once**
- TTCs can be **carried forward or backward**
- Buyers can utilize TTCs to reduce their estimated quarterly payments

One Big Beautiful Bill Act (“OBBB”)

Enacted on July 4, 2025

The One Big Beautiful Bill Act or OB BB was enacted on July 4, 2025, which included various legislative changes related to tax policy and credits in the United States.

The two key areas of focus for tax credit buyers:

1. **Tax Credit Transferability** - under the OB BB, tax credit transferability was preserved through the lives of all underlying clean energy and advanced manufacturing tax credit asset classes
2. **Foreign Entity of Concern Limitations or “FEOC”** - OB BB introduced restrictions for companies with foreign ties; however, these restrictions are applicable only to any entity owned or controlled by, or organized in, a “covered” foreign nation (China, Iran, North Korea, Russia) pursuant to the CHIPS Act/NDAA (2021) or by their governments or citizens



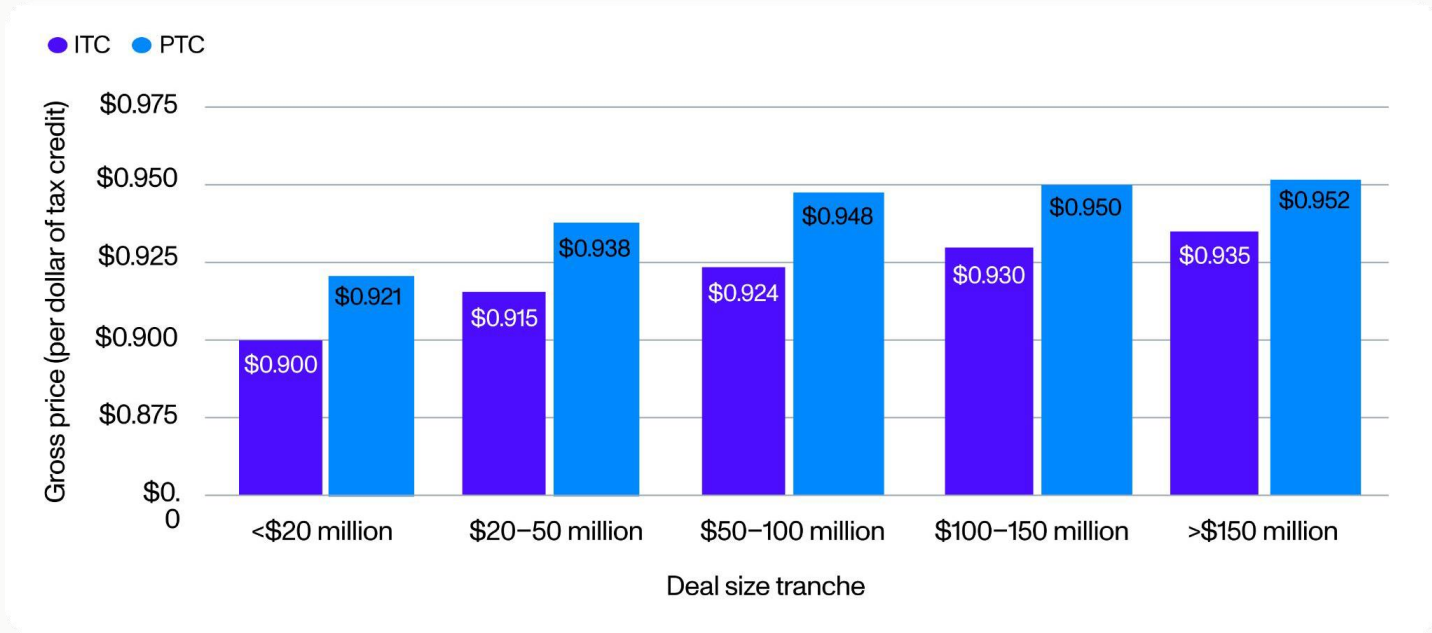
ITCs vs. PTCs

	Investment tax credit ^{ITC}	Production tax credit ^{PTC}
Description	Value is based on a percentage of eligible project costs invested for a renewable energy project (§48).	Value is based on a specified dollar amount per kWh or unit manufactured (§45).
Eligible technologies	Several; the most common include solar, wind, biogas, battery storage, advanced energy, etc.	Wind, solar, advanced manufacturing, biogas, nuclear, etc.
Timing of eligibility	ITC is earned after a project is “placed in service” (as defined by the tax code).	PTC is earned after the respective energy is produced or unit is manufactured.
Timing of payment	Typically one-time payment after project is placed in service.	PTCs are typically paid for on a quarterly basis as generated.

For additional information, please visit: <https://www.cruclimate.com/insights/itc-vs-ptc>

Market pricing provides opportunities for returns for buyers

Average price by deal size tranche, PTC and ITC, 2024



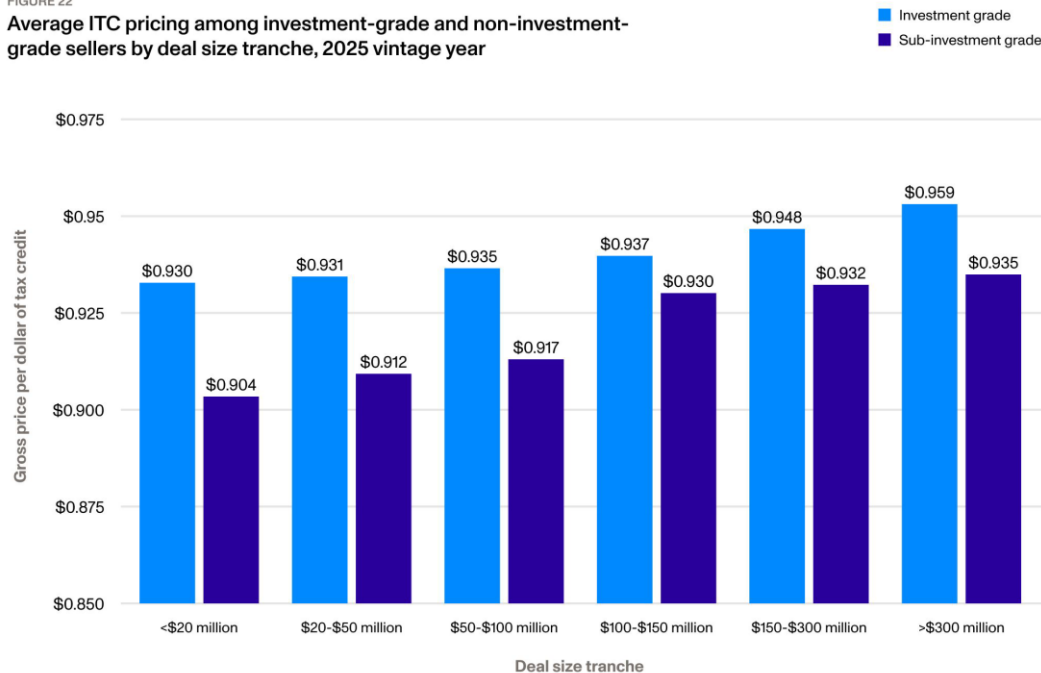
Source: Crux Market Intelligence Report, February 2025. Based on \$25B of closed transaction data, the largest dataset in the market.

1H25 data shows investment grade ITC sellers command a premium

- Smaller deal transact at steeper discounts, from \$0.025–0.030.
- Larger deals for IG and non-IG sellers approached a clear price ceiling.
- Larger non-IG deals typically priced \$0.930–0.935.
- IG deals priced up to \$0.96.

FIGURE 22

Average ITC pricing among investment-grade and non-investment-grade sellers by deal size tranche, 2025 vintage year

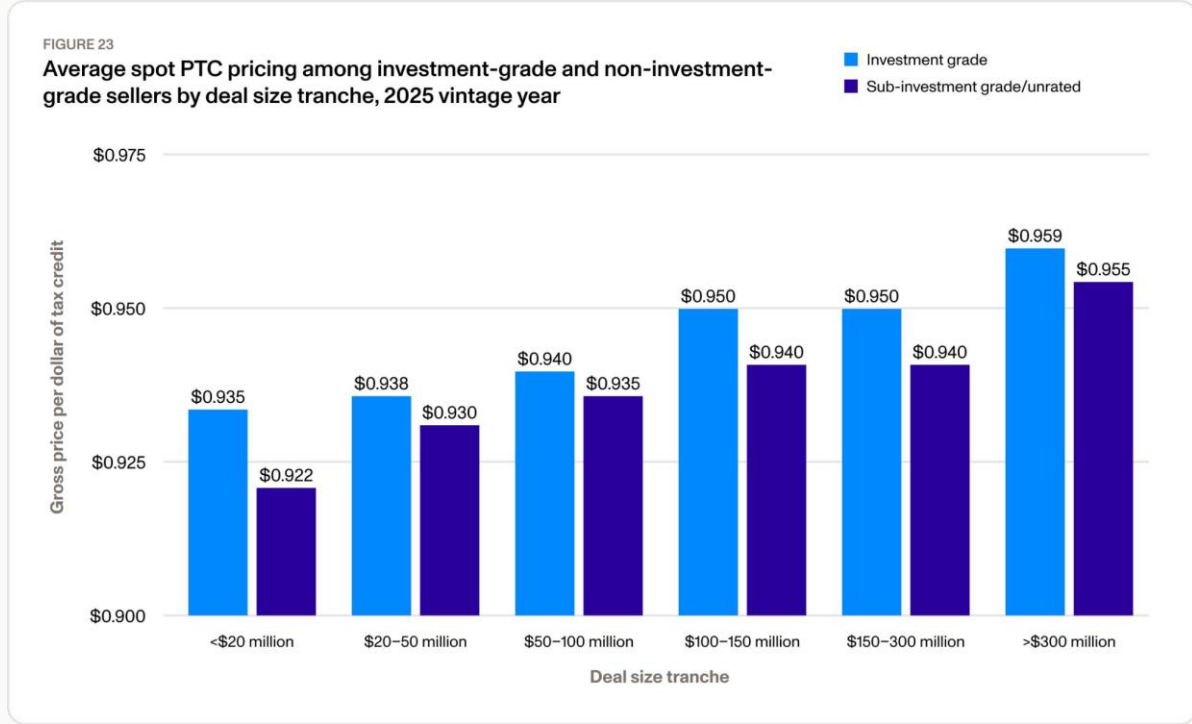


For PTC sellers, investment grade premium was less uniform in 1H25

Investment-grade effects were less uniform for PTCs than for ITCs.

Deal size continues to be a significant factor in pricing, as does the tax credit type/technology.

Observed first \$45Z deals in 1H2025; pricing corresponds to early \$45X deals in low \$0.90s.



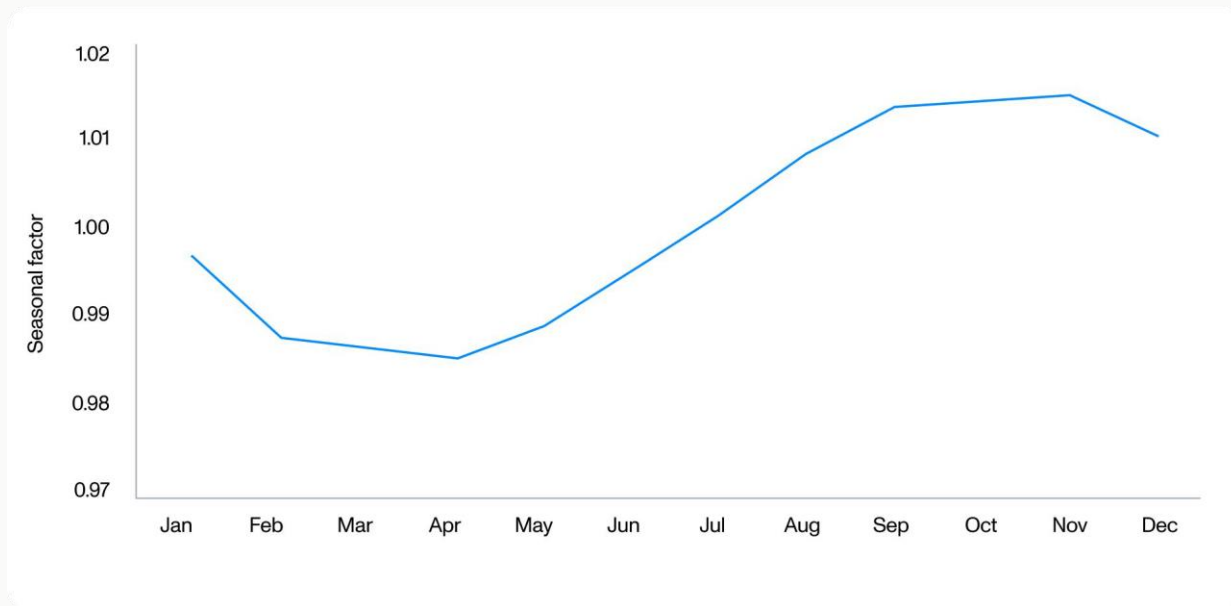
Crux has observed intra-year pricing trends

Crux observed a seasonal trend in pricing for ITCs in 2024, which appears to be repeating in 2025.

Q1 pricing tends to be lowest (for the current year tax credit vintage, i.e. 2024 tax credits in 2024), and prices rise around 2% on average from Q1 to Q4.

Many factors determine price, and the tax credit market is still very new, but timing of the transaction and related payment can be important factors.

Figure 41. ITC approximate seasonality trend by month (factor, average = 1.00)



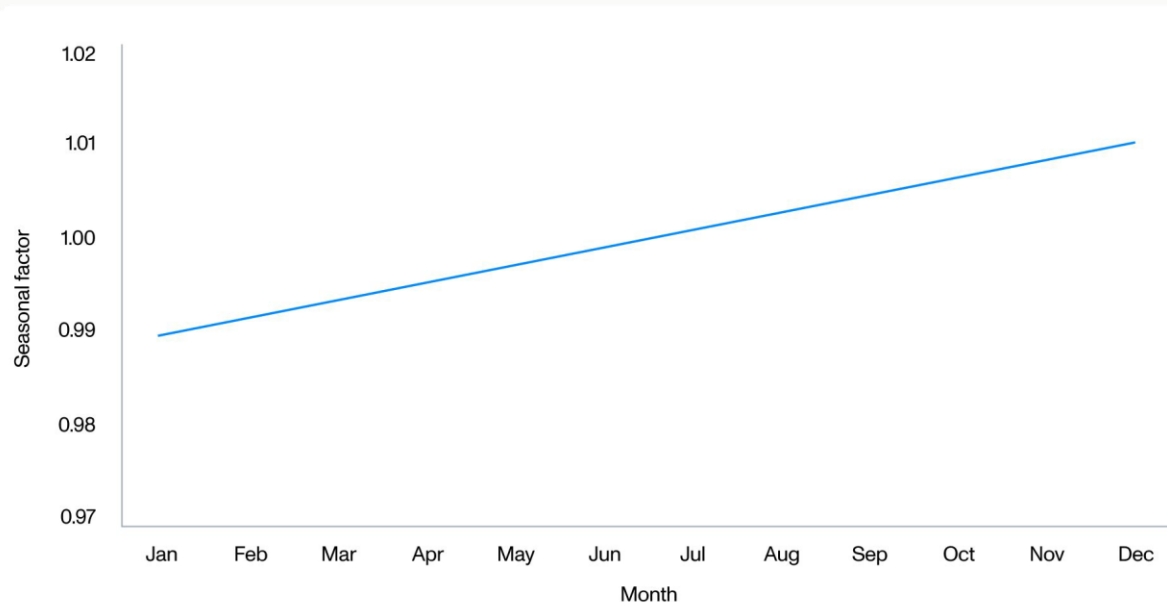
PTC pricing trends are less pronounced, but similar to ITCs

PTCs do not appear to exhibit a seasonal trend in the same manner as ITC deals.

The data indicates that the average value of a PTC rises modestly and linearly over the course of a year, increasing by about 2% from January to December.

Quarter over quarter PTC pricing appears in line with the historic seasonal trend.

Figure 42. PTC approximate seasonality trend by month (factor, average = 1.00)



OBBB reduced tax liability for many buyers

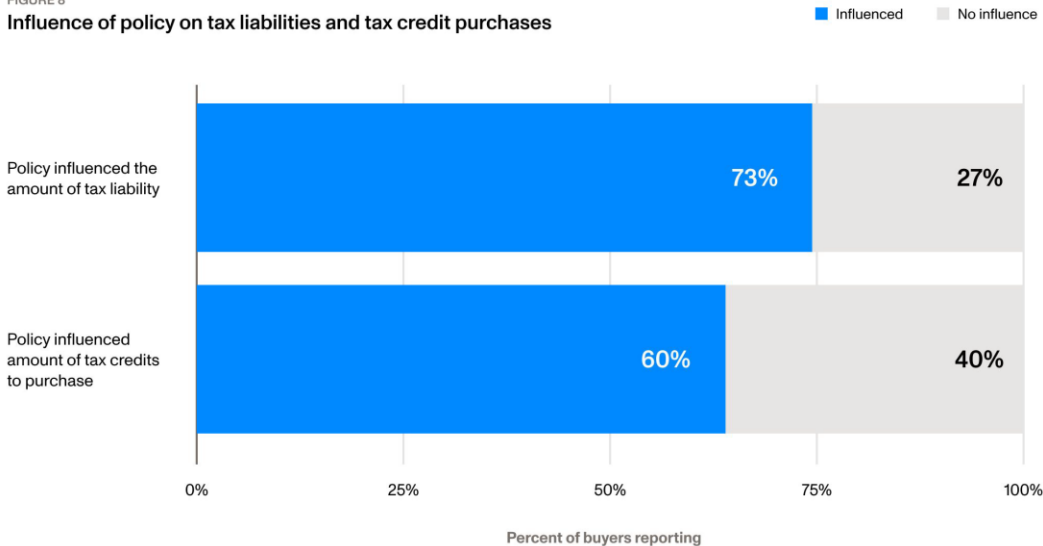
Several provisions in the One Big Beautiful Bill (OBBB) have the effect of reducing total tax capacity for many corporations.

Most (73%) tax credit buyers indicated that their tax liabilities have been influenced by the OBBB.

A majority (60%) indicated that this influences the volume of tax credits they intend to purchase in 2025.

FIGURE 8

Influence of policy on tax liabilities and tax credit purchases

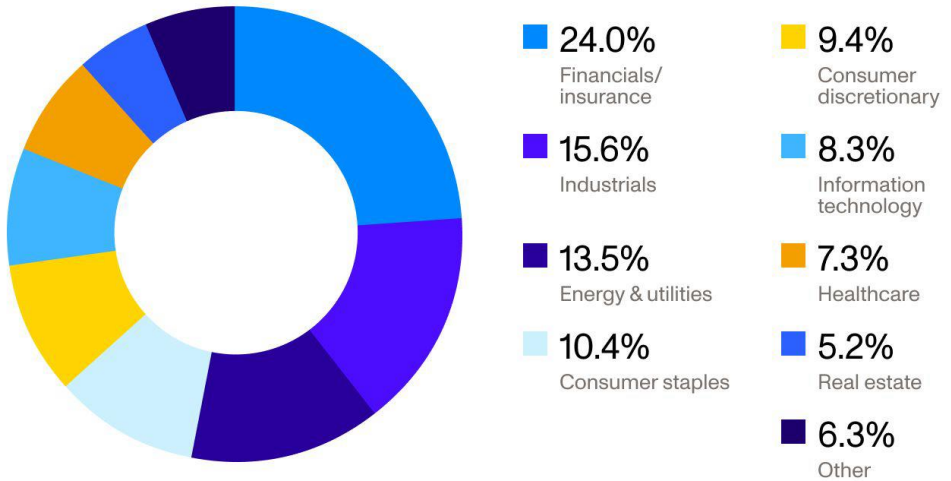


Buyer industry segment

Buyer landscape has broadened since the introduction of transferability beyond typical finance institutions (still majority at 24%).

Transferability lowers the barriers to participation, unlike traditional TE.

FIGURE 19
Buyer industry segment



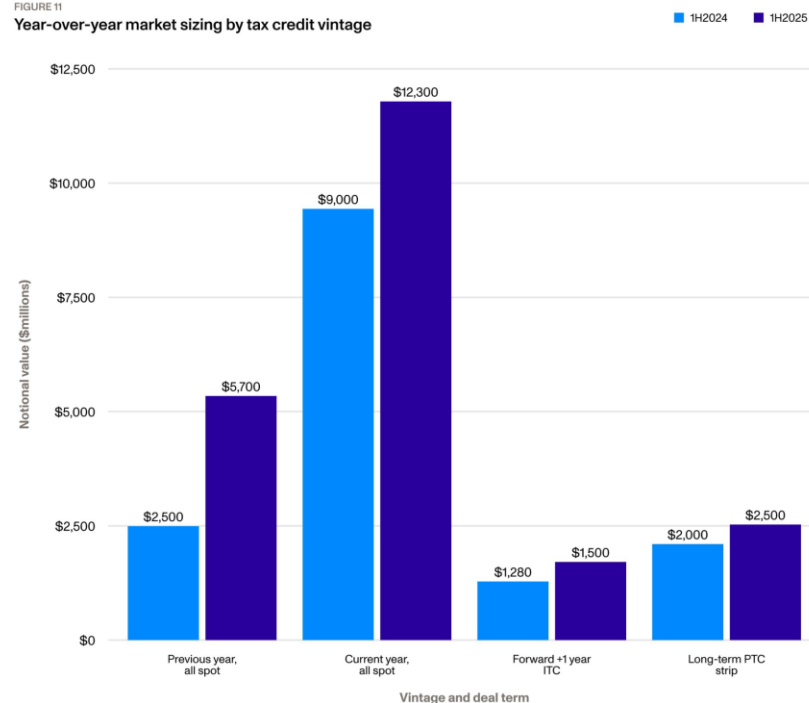
Market grew rapidly in 1H25, despite policy uncertainty

Crux's market data shows that the total volume of tax credit sales exceeded \$20 billion in the first half of 2025.

- All tax credit vintages saw growth year over year:
 - 2025 vintages were \$12.3 billion, up from \$9.0 billion (36% YOY).
 - 2024 vintages were \$5.7 billion, up from \$2.5 billion (128% YOY).
- Market strength defied policy overhang, supported by financing decisions made before 2025.

FIGURE 11

Year-over-year market sizing by tax credit vintage

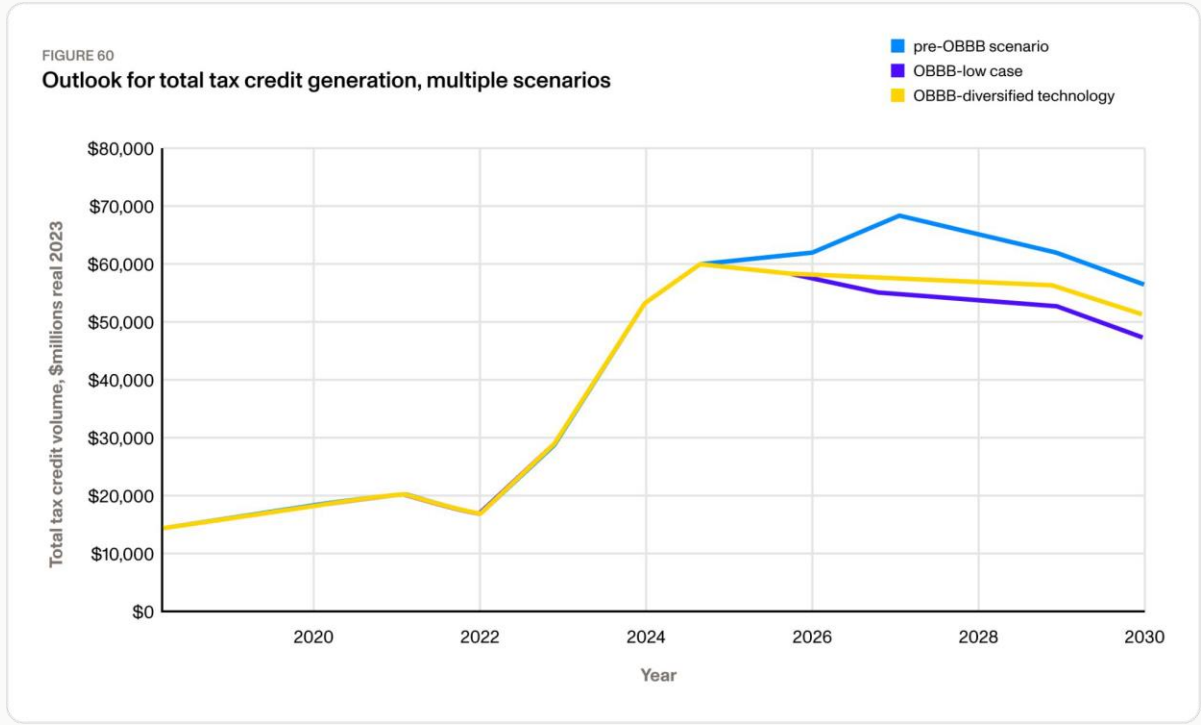


Long-term outlook: Relatively stable through end of decade

Crux’s forecast for total tax credit supply is relatively stable through the end of the decade, despite changes from the OBBB.

Many solar and wind project investments are already baked in 2025–2026.

Diversity of tax credit supply sustains the market in the later 2020s.





2

Most negotiated document provisions and guaranty considerations

Tax credit transfer agreement and risk allocation

Background

- Tax credit transfer rules generally provide that Buyer assumes risk of credit qualification and recapture
- In so-called “hybrid” ITC structures, Seller partnership retains first loss in some, but not all, situations
- Buyers generally seek to allocate risk back to Sellers through tax credit transfer agreement

Common issues in Tax Credit Transfer Agreement indemnity provisions

- Who is providing indemnity? Is there a creditworthy guarantor standing behind the indemnity?
- What is the scope of indemnity: All tax credit losses or only breaches of reps? Interest and penalties? Expenses?
- Are claims time limited?
- Is the indemnity subject to a cap?
- Is there a tax gross-up (for taxes imposed on the receipt of indemnification payments)?
- When can a claim be made? Only upon a “final determination” or during the audit?
- Will the Buyer be required to come out of pocket for taxes and expenses prior to receipt of indemnity payment?

Tax credit transfer agreement and risk allocation

Tax Contests

- In the event of an IRS audit of Buyer, Sellers often seek to control dispute of the claim
- Buyers generally seek to retain control of their own audits
- Generally very specific negotiated provisions on control, participation rights, settlement approval and litigation

Other negotiated issues in transfer agreements

- Change in law risk (both before and after payment to Seller)
- Payment terms in ITC and PTC transfers
- Reps, diligence and supporting documentation
- Compliance and tax reporting



3

Risk mitigation in practice

ITCs and PTCs: Risk and mitigants

Description of risk	ITC	PTC	Typical negotiated mitigants used by buyers
<p>Recapture or structure risk Projects must remain in service for five years after placement in service. If projects are sold (not including partnership interests) or destroyed and not rebuilt, the credits are “recaptured.” This risk steps down 20% per year.</p>	Applicable	Not applicable	<ul style="list-style-type: none"> • Property insurance^[1] • Seller indemnity / guaranty • Tax credit insurance^[1] • Legal opinions^[1] • Lender forbearance (if applicable)
<p>Excessive credit transfer risk/basis Credits need to be valued properly. If an audit assesses an inflated value, the IRS can disallow a portion of the credits, with associated penalties.</p>	Applicable	Not applicable	<ul style="list-style-type: none"> • Appraisals & cost segregation reports^[1] • Seller indemnity / guaranty • Tax credit insurance^[1]
<p>Eligibility and qualification Projects must demonstrate qualification for underlying credit (based on technology, eligible energy property) and any bonus credits (e.g., PWA, domestic content, or energy communities).</p>	Applicable	Applicable	<ul style="list-style-type: none"> • Diligence • Legal opinions^[1] • Seller indemnity / guaranty • Tax credit insurance^[1]

^[1] typically paid for by the seller

Growing consensus among advisors regarding risk mitigation

Tax credit transfer due diligence centers around the key transaction risks to a buyer: recapture, eligibility and qualification, and excessive transfer or project basis risk.

Crux has developed market-validated **due diligence checklists by transaction type, covering ITCs and PTCs** (including advanced manufacturing §45X²). Due diligence items are organized into the following categories:

- Essential items
- Circumstantially important items
- Third-party technical reports
- Housekeeping items

The checklist streamlines the diligence process while **helping buyers identify and mitigate risk effectively.**

Diligence checklist 7% complete

View data room Download

Term sheet diligence TCTA diligence

4 of 10 items completed

Item	Status	Provider	Notes
Tax Counsel Engaged for Transaction (name of firm)	Completed		
Project List (for multi-project portfolios)	Completed		
Financial Statements of Seller (and Guarantor)	Completed		
Organizational Structure Diagram	N/A		
Evidence of PWA Compliance (or proof of exemption)	In progress		
Independent Cost Segregation Report (DRAFT)	Not started		
Evidence of IRA Bonus Adders	Not started		
Independent Appraisal (DRAFT)	Not started		
Tax Credit Insurance Policy Quote (or DRAFT Policy)	Not started		
80/20 Report (DRAFT)	Not started		

+ Add item

Dropdown menu for 'Evidence of PWA Compliance':

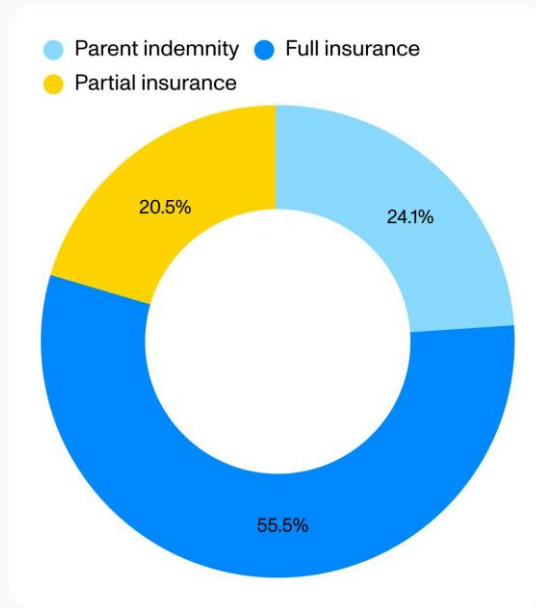
- Not started
- Willing to procure
- In progress
- Complete
- N/A
- Not willing to procure

Tax credit insurance across ITCs vs. PTCs

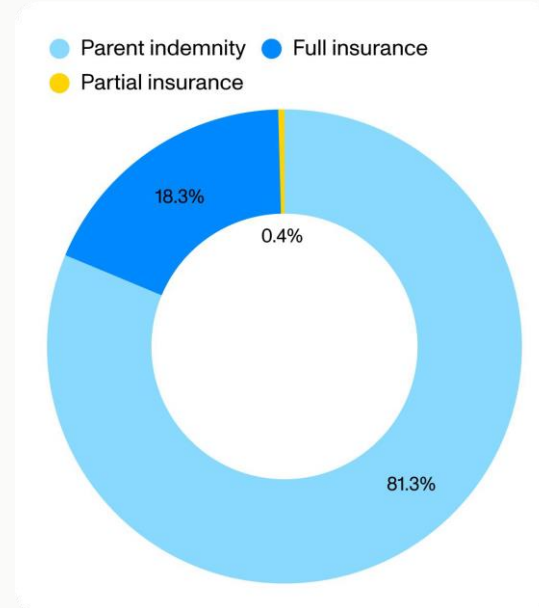
Because PTCs are not exposed to recapture risk, ITC and PTC deals vary in insurance coverage.

For transactions with no insurance coverage, buyers will always benefit from a form of seller indemnity or guaranty.

Proportion of ITC deals with insurance coverage and indemnification, 2024



Proportion of PTC deals with insurance coverage and indemnification, 2024



Source: Crux Market Intelligence Report, February 2025.



4

Buyer execution strategy for 2H25

How buyers are maximizing the value of transferable tax credits



Discount to face value

- Tax credits are purchased at a discount to face value (e.g., \$0.92/\$1.00 of tax credit).
- **Buyers that transact earlier in the year** (Q1/Q2) have experienced larger discounts and less competition relative to transacting in the second half of the year.
- Most **transaction fees are borne by the seller**. The buyer is generally only responsible for the negotiated price.



Delayed payment

- **Commit to tax credits earlier in the year** (buyers have more negotiating power and less competition).
- Payment terms are negotiated, and, in practice, buyers **do not pay for credits until they are generated**.
- Buyers can maximize their returns by aligning funding for their transactions at or around their tax payment and filing deadlines.



Immediate quarterly tax payment reduction

- Generally **as soon as a buyer enters into a commitment (e.g., signed term sheet)** to purchase tax credits applicable to a given year, they are **eligible to reduce any upcoming quarterly estimated tax payments** for the same year.
- Reduction for estimated tax payments can happen before the tax credit transaction is closed and transferred to the buyer (even prior to payment for the tax credits).



Multi-year tax planning

- Buyers are increasingly making **multi-year commitments** to purchase tax credits, including purchasing tax credit strips, where they have predictable tax liability.
- **Ability to carry back and carry forward** — if a buyer is unable to utilize the credits for its current tax year, they can carry back up to 3 years or carry forward 22 years.

Deal mechanics and timeline

Indicative internal time investment: 20-40 hours



1-4 months

Preparation

Internal approvals Plus accounting and pilot strategy	Credit search Bid on 2-3x capacity	Deal review Preliminary calls and credit downselection
---	--	--

Transaction

Term sheet Non-binding except legal reimbursement	Diligence & PSA Led by law firm and Crux checklist; TCTA/PSA and insurance in parallel	Closing Funding after final conditions are met
---	--	--

Prepare for a transaction

Prepare



Internal education: Rules, risks, availability, pricing, portfolio construction, accounting, Crux platform access to review sample transactions.



Legal & tax advisors: Select experienced tax credit counsel familiar with market standard forms and, as needed, tax firm for additional diligence.



Investment policy approved by tax, CFO, CEO, treasury, legal, and, if necessary, board.



Review form term sheet to prepare to transact, including an internal viewpoint on any key terms that differ from market standards; can also review market standard diligence checklist and TCTA to include any additional asks of sellers in up-front conversations.

Execute



Bid on multiple credits within investment mandate in parallel; bids within [48] hours of listing can position especially well.



Review transaction overview: Crux shares overview of diligence checklist ahead of introduction.



Intro call and follow-up questions inform credit selection. Surface any material points that could be non-starters. Share internal process and preparedness.



Quick decision-making process, leveraging legal counsel and investment policy. Limit deal-level approvals where possible.



Issue term sheet by having tax credit counsel fill out template term sheet in line with market standards.

Establish a clear investment policy

- **Approved tax credit purchases:** Up to \$[] for [tax year], and up to \$[] for all future tax years [through 2027].
- **Minimum deal size:** \$[] per transaction.
- **Credit type:** [ITC / PTC / Both]
- **Technologies:** [Wind / utility, C&I solar / residential solar / storage / advanced manufacturing / RNG / geothermal / other]
- **Pricing:** Greater of \$[.95] and [Crux published average market prices for selected technology category, size and vintage + 0-50bps]
- **Fair market value:** Appraised FMV no more than [% above cost basis.
- **Payment timeline:** [No more frequently than quarterly]
- **Credit support:** Indemnity from seller entity and [Insurance covering delta from FMV to cost basis / insurance at 100% of credit value / insurance up to 120% of credit value / Guaranty only from creditworthy entity / No insurance or guaranty for PTCs / 45X]
- **Commitments:** Permitted to commit to purchase transfer credits as early as [3] years in advance.
- **Geography:** Projects generating transfer credits shall be located in the US and all US territories
- **Authorized parties:** [insert titles or individual names] are authorized on behalf of [] to enter into binding legal documents for the purchase of transfer credits.]

Best practices for transacting

Due diligence checklists

- Utilize a due diligence checklist to keep track of deliverables — Crux has diligence checklist templates available.
- Delegate responsibilities.

Legal documentation

- Establish whose legal counsel will draft key documentation.
- Review documents and redlines ahead of calls to maximize the benefit of weekly calls.

Established closing date

- Pick a target closing date to work toward.
- Understand timing for delivery of third-party diligence and reports, as this may dictate closing timelines
- Confirm legal counsels on both sides can meet the proposed closing timeline.

Responsiveness

- Prepare for transaction timelines to move quickly, particularly around closing.
- Establish a key point person and backup contacts available to help if a quick turnaround is needed.

Weekly calls

- Schedule weekly calls, with increased frequency as closing date approaches.
- Include all deal principals and respective legal counsels.
- Use calls to address the diligence checklist and establish action items.

Internal approvals

- To the extent internal approvals are required for final signing, ensure the process is clear to all parties and the approver is aware and prepared for the closing timeline.

Advantages to forward commitments

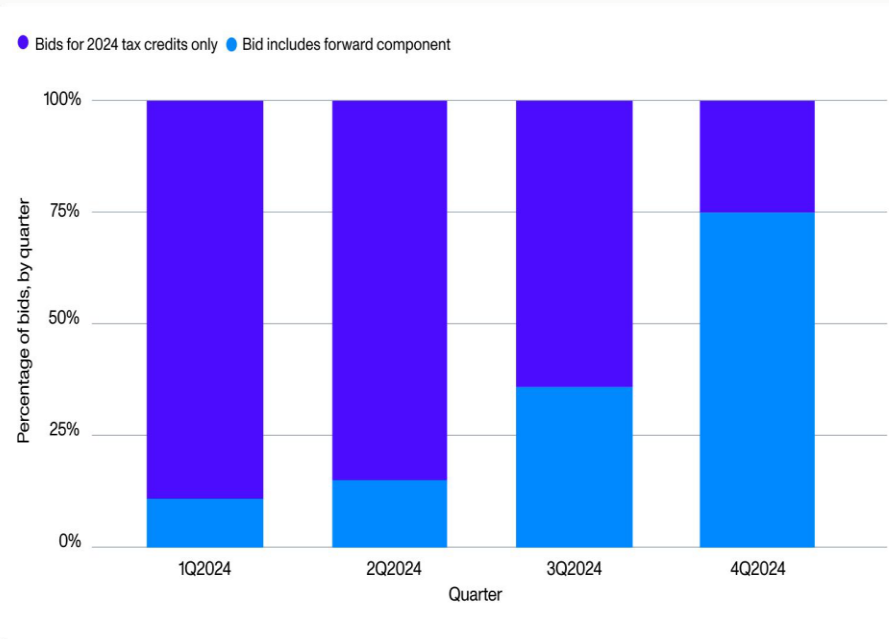
Principal advantages to transacting in the forward market:

- **Immediate cash flow benefit** - can start reducing quarterly estimated payment as soon as **commitment to purchase is made** (even without payment for tax credits)
- **Increased discounts** compared to spot market pricing.
- Increased **credit availability**.
- **Tax planning**.

Timing of commitment has shown to have a meaningful impact on pricing – **buyer demand exceeds supply toward the end of the year**. Please see the Appendix for pricing of ITCs and PTCs throughout the year.

Ultimately one in five tax credits sold in 2024 was for a future commitment — a strip, or a forward commit for future year.

Proportion of bids on Crux including a forward commitment in 2024





5

Resources

Resources from Davis Polk & Crux

Davis Polk resources

- [New tax bill signed into law |Davis Polk](#)
- [Treasury Department and IRS issue final regulations for Section 45V hydrogen production tax credit |Davis Polk](#)
- [IRS guidance offers path for tax-exempts to claim renewable energy tax credits through LLCs |Davis Polk](#)

Crux resources

- [2025 Mid-year Market Intelligence Report](#)
- [Buyer's Guide to Tax Credit Insurance](#)



 crux + **Davis Polk**

Thank you