

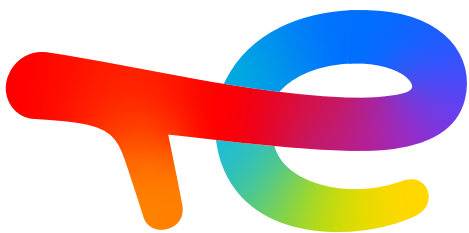


The Inflation Reduction Act and Your Path to Carbon Neutrality

A Solar + Storage Primer for Businesses

The Inflation Reduction Act gives corporate leaders new tools for accelerating their sustainability initiatives so that the U.S. can reach its emissions targets.

Now more than ever, investing in on-site solar and energy storage assets can help organizations reduce their greenhouse gas emissions, elevate their brands and improve their bottom line at every stage of their sustainability journey. Read on to learn more.



TotalEnergies

The Next Wave of Corporate Sustainability Investments

The Inflation Reduction Act is driving a new boom in solar and energy storage project development.

On-site solar PV systems have become a mainstay for sustainable organizations, and pairing these assets with energy storage solutions to bolster resiliency is increasingly common. But even wider adoption is just around the corner. Analysts anticipate that the Inflation Reduction Act will grow the U.S. solar market by an extra 40% over previous baseline forecasts by 2027 and that total installed solar capacity will nearly triple to reach 336 GW.

Source: Wood Mackenzie and SEIA, U.S. Solar Market Insight Q3 2022.

GROWING CORPORATE DEMAND FOR SOLAR AND ENERGY STORAGE

As organizations approach their carbon reduction pledges for 2030 and beyond, corporate demand for on-site solar and energy storage capacity will surge: these projects bring down corporate energy bills and cut emissions at the same time. The new financial incentives in the IRA further strengthen the value proposition – for businesses that finance solar and storage projects on their own balance sheets and for those that use power purchase agreements (PPAs) to buy clean energy at a fixed rate over time.

WHAT'S IN THE INFLATION REDUCTION ACT?

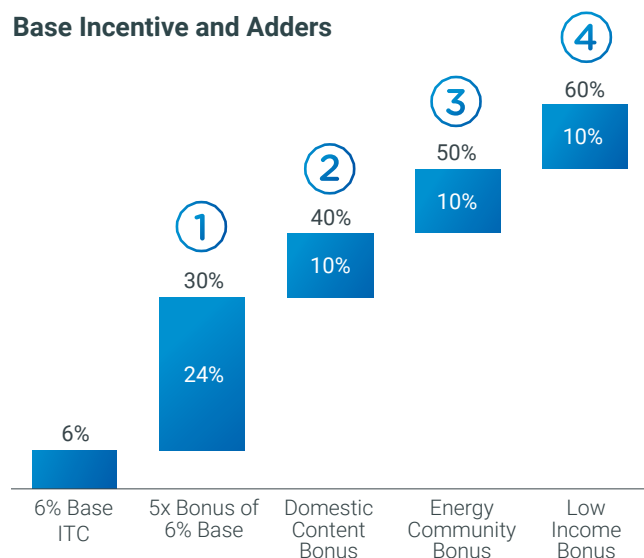
The IRA includes a range of tax incentives for solar and energy storage that businesses can combine to reduce project costs:

- **Baseline investment tax credit (ITC):** A 30% tax credit for all new solar energy and >5kWh energy storage projects through 2032.
 - Projects over 1 MW must meet prevailing wage and apprenticeship requirements to qualify for the full 30% credit.
- **Energy communities:** An extra 10% tax credit is available for projects that are located in communities with retired coal plants or mines, and in other areas prioritized for historic energy industry activity.
- **Domestic content:** An extra 10% tax credit is available for projects that use U.S.-made equipment or are located in communities with ties to traditional energy sources.
- **Underserved communities:** A 10% bonus is available for projects located in low-income communities, with an additional 20% bonus available for projects that benefit certain low-income customers.

ITC eligibility for standalone storage and interconnection costs.

Inflation Reduction Act Will Drive New PPA Business

Base Incentive and Adders



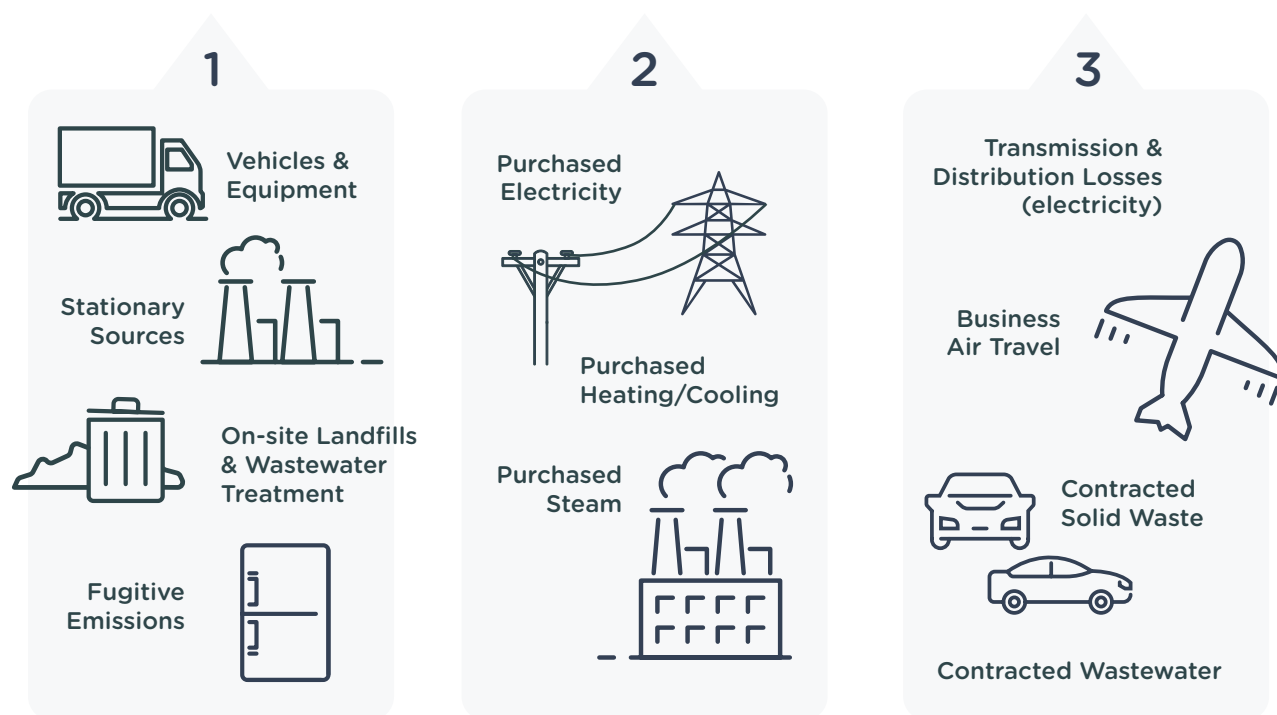
- 1 Prevailing wages and apprenticeship qualify projects for 30% ITC
- 2 Domestic content bonus of 10%
- 3 10-20% bonus for a) locating projects in **energy communities** and **low-income communities**, or b) projects that benefit **low-income communities**
- 4

Incentives for the LMI Bonus Credit are not automatic and are subject to a competitive application process. Meeting eligibility is not a guarantee to be awarded the adder.

The Corporate Journey to Carbon Neutrality

Going fully carbon neutral by offsetting all direct and indirect emissions is an intensive process, so most organizations navigate their sustainability journey in phases.

Sited solar and storage projects are often considered at the mid-point of sustainability roadmaps, but they can make an impact at every step of the corporate sustainability journey. As businesses evolve and evaluate emissions from different perspectives, on-site renewable energy solutions provide different benefits.



SCOPE 1

Greenhouse gas emissions from sources that are owned or controlled by company.

SCOPE 2

Greenhouse gas emissions resulting from generation of electricity, heat or steam.

SCOPE 3

Greenhouse gas emissions from sources not owned or directly controlled but related to activities.

EARLY STAGE: SCOPE 1 EMISSIONS

Offsetting direct emissions from the company's owned assets and operations (i.e., company-owned facilities and vehicles).

- Most organizations begin their sustainability journey by investing in energy efficiency upgrades and modifying their business operations to reduce their emissions.
- Sited solar and storage assets add value for companies that replace gas-powered HVAC and other equipment with electric alternatives.
- The “electrify everything” approach effectively transforms Scope 1 Emissions into Scope 2 that can be offset by solar PV systems.

MID-JOURNEY: SCOPE 2 EMISSIONS

Offsetting indirect emissions from the generation of electricity purchased by the company for its use.

- Renewable energy investments are directly applicable to Scope 2 emissions.
- Sited solar and energy storage solutions have an advantage over virtual power purchase agreements (VPPAs) for renewable energy produced elsewhere: when electricity travels through distribution lines, line losses reduce the amount of energy transmitted.
- Unlike remote off-site projects, sited solar solutions offset Scope 2 emissions at a 1:1 ratio. Sited storage allows for greater utilization of renewable power on a 24-hour basis.

LATE-STAGE: SCOPE 3 EMISSIONS

Offsetting indirect emissions from across the company's full value chain (i.e., from purchased goods/services, transportation, employee commuting, leased buildings, investments).

- Companies at this stage address indirect emissions from the full spectrum of their business operations, including supply chains. Line losses from remote energy projects must also be accounted for.
- Business changes can force companies back into addressing Scope 1 emissions after they've progressed to Scope 3, such as company acquisitions and new facilities or expansions.
- As with Scope 1, electrification can convert Scope 3 emissions into Scope 2 emissions that are more easily offset by renewable energy sources.

Johnson & Johnson's solar carport at their New Jersey campus provides clean energy for charging electric vehicles, which encourages employees to adopt cleaner transportation modes and ultimately reduces commute-related Scope 3 emissions.



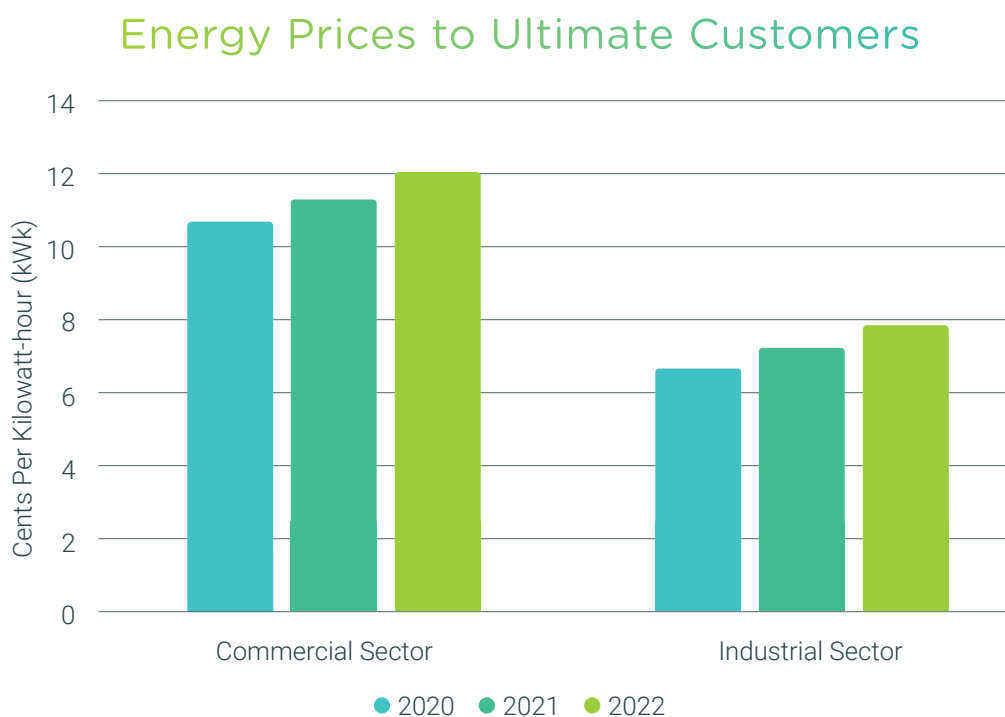
Leveraging Sited Solar and Storage to Future-proof Your Business

Today's volatile energy market and over-stretched utility grids can suddenly increase the cost of doing businesses, but sited solar projects protect companies from unexpected price hikes and power outages - especially when paired with energy storage.

HIGHER ENERGY COSTS

Electricity rates for commercial and industrial energy users are on the rise, as shown in the graph below. Due to various global pressures, unexpected supply chain disruptions have increased the cost of routine grid maintenance, and utilities pass these costs onto customers.

Businesses can lock-in their energy rates for 30 years and save on electricity costs with on-site solar and energy storage assets.



Source: EIA

BUSINESS CONTINUITY DESPITE OUTAGES

The U.S. utility grid was not built for today's climate. Outages and rolling blackouts are more common due to extreme cold and hot temperatures while hurricanes, wildfires and other natural catastrophes are now more frequent and severe. These events can profoundly disrupt business operations and trigger dire financial consequences.

Manufacturing: A Day Without Power



26%



58%

OUTAGES IMPACT
THE BOTTOM LINE

\$5,000,000

1 hour of downtime can cost large manufacturers more than \$5,000,000.

60
MINUTES

Source: US EPA

Sited solar paired with energy storage allows businesses to continue operating when the grid goes down.

Added Value from Energy Storage Investments

The tax incentives in the Inflation Reduction Act apply to standalone energy storage systems as well as energy storage upgrades for operational solar PV systems. Adding storage to existing solar arrays can add significant value, especially for energy-intensive businesses:



LOAD SHIFTING:

When the sun sets, batteries can distribute renewable energy stored from earlier in the day so that businesses can avoid using grid power.

PEAK SHAVING:

Batteries can be used to shave instantaneous demand peaks. Depending on utility rates, this can significantly reduce electric bills.

GRID STABILIZATION:

Large, front-of-meter battery projects can help secure the grid when demand is high and provide land lease revenue for property owners.

Thinking Beyond the Bottom Line

The benefits of investing in renewable energy extend beyond carbon emissions and cost savings. Study after study has demonstrated that sustainability initiatives can lift corporate brands and boost employee morale:

- Consumers may be willing to pay up to a 10% price premium on a business's offerings if they are associated with positive sustainable actions.
- 25% of employees would look for a new job if they discovered their employer had a bad record on environmental justice.
- 57% of value-creating companies have sustainability as part of their corporate culture.
- Products marketed as sustainable grew 5.6 times faster than those that were not.

Sources: US EPA, *Climate Change Indicators: Weather and Climate*.
Bloomenergy, *A Day Without Power: The Rising Severity of Extreme Weather*.

SEALED AIR

"The installation of these solar panels contributes to SEE's overarching sustainability strategy and advances our transition to net-zero carbon emissions in our operations by 2040. Through these solar panels, we are advancing our use of renewable energy, lessening the energy intensity of operations and reducing the company's greenhouse gas emissions. We are on a journey to leave our world better than we find it and the completion of this project is an important milestone in the strategic investments we're making to achieve that goal."

- Emile Chammas, Chief Operating Officer, Sealed Air

The 3.5 MW ground-mounted PV array and 3,080 kWh energy storage system installed at Sealed Air (SEE)'s Madera, CA, factory meets 98% of the facility's energy demand, offsetting 72,172 metric tons of carbon dioxide over 15 years. It also provides more than \$1M in annual energy cost savings.



DELAWARE RIVER PORT AUTHORITY (DRPA)

“This monumental solar initiative demonstrates DRPA’s commitment to providing world-class transportation services that create significant savings, and added value for the public.”

John T. Hanson, DRPA CEO



TOYOTA

“[Thanks in part to our on-site solar array], Toyota’s headquarters campus achieved LEED Platinum certification – something that we know our team and community are proud of.”

Doug Beebe, General Manager,
Toyota’s Real Estate and Facilities,
North America





It's Time To Take Action

A renewable energy boom is underway. Get started now to ensure your business accesses the sustainability, bottom-line and brand lift benefits of sited solar and energy storage solutions.

Contact TotalEnergies:

Email: energysolutions@totalenergies.com

Website: <https://totalenergies.com/solar>



TotalEnergies

About TotalEnergies and Renewables

As part of its ambition to get to net zero by 2050, TotalEnergies is building a portfolio of activities in renewables and electricity. At the end of September 2021, TotalEnergies' gross renewable electricity generation capacity is 10 GW. TotalEnergies will continue to expand this business to reach 35 GW of gross production capacity from renewable sources and storage by 2025, and then 100 GW by 2030 with the objective of being among the world's top 5 producers of electricity from wind and solar energy.

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