

# IRC §48C

Qualifying Advanced Energy Project Credit



## IF YOU ARE...

- Expanding your plant for manufacturing renewable energy products
- Adding or expanding recycling facilities for renewable energy equipment or critical materials and minerals
- Planning to install equipment in your plant to reduce greenhouse gases

## YOU MAY QUALIFY FOR UP TO A 30% FEDERAL TAX CREDIT

### ADVANCED ENERGY PROJECTS PROGRAM

If you answer yes to any of these questions the enhanced \$10 billion Advanced Energy Projects Program can help by offering tax credits for manufacturing or recycling renewable energy equipment, critical materials or used for greenhouse gas reduction. This program awards allocations through an ongoing application process. Even if you can't use the credits they can be sold for cash through provisions of the Inflation Reduction Act of 2022 designed to help US businesses manage and substantially reduce their energy costs, improve energy security, and support the domestic supply chain.

### QUALIFYING CATEGORY 1

Qualifying Category 1 includes re-equipping, expanding or establishing industrial or manufacturing plants for production or recycling of renewable equipment.

#### EXAMPLES

- Solar, hydro, wind, geothermal, or other renewable energy equipment
- Fuel cells, microturbines, or energy storage systems
- Electric grid modernization equipment and components
- Carbon capture and sequestration equipment, or used for reducing greenhouse gas emissions
- Equipment for refining or blending renewable fuels
- Equipment for energy conservation for residential, commercial, or industrial use
- Energy storage systems for electric or hybrid vehicles

### QUALIFYING CATEGORY 2

Qualifying Category 2 includes re-equipping industrial or manufacturing plants to reduce greenhouse gas emissions by at least 20%.

#### EXAMPLES

- Low- or zero-carbon process heat systems
- Carbon capture, transport, utilization and storage systems
- Energy efficiency and reduction in waste from industrial processes
- Any other industrial technology designed to reduce greenhouse gas emissions

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## QUALIFYING CATEGORY 3

Qualifying Category 3 includes facilities to re-equip, expand, or establish an industrial facility for the processing, refining, or recycling of certain critical materials and critical minerals.

### CRITICAL MATERIALS

Including non-fuel minerals, elements, substances, or materials with high risk of supply chain disruption. They serve essential functions in energy technologies that produce, transmit, store, or conserve energy, as well as those using critical minerals like lithium and cobalt.

### CRITICAL MINERALS

Prominent examples of critical minerals include lithium and cobalt. For more information, refer to the Department of the Interior's 2022 Final List of Critical Minerals.

## APPLICATION TIMELINE & PROCESS

### 1. ROUND 1 (CLOSED)

The initial round allocating \$4 billion began on May 31, 2023. Concept papers were submitted to the DOE to evaluate project viability and for ranking. The deadline for submission was July 31, 2023.

### 2. REVIEW & ACCEPTANCE

The DOE will review submitted concept papers, rank them, make recommendations and issue encouragement or discouragement letters. Applicants not successful in round 1 can request a debriefing to understand proposal strengths and weaknesses. Notifications will be completed by March 31, 2024.

### 3. ROUND 2 (TO BE DETERMINED)

Round 2 will be scheduled at a later date but it's not too soon to start the process now.

## PREVAILING WAGE & APPRENTICESHIP RULES

The basic credit is 6%. To qualify for the full 30% credit rate, taxpayers must adhere to prevailing wage and apprenticeship rules.

## ENERGY COMMUNITIES & SPECIAL ALLOCATION OF CREDITS

Of the \$10 billion new credit allocation, a minimum of \$4 billion is reserved for projects located in an Energy Communities Census Tract.

## OUR PROCESS

We will gather data and provide a no-cost feasibility analysis. Upon your approval, we will follow IRS-prescribed guidelines and criteria to validate potential tax credits. Upon completion, we will provide a qualification report. You can feel confident that Tri-Merit's audit defense team will be there to defend your claim should an audit occur.