

## Advanced Energy Project Credit Concept Paper Applications Are Now Open

Article By:

Stephanie Yarbrough

J. Whitney McGreevy

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In August 2022, President Biden signed the Inflation Reduction Act (IRA). One of the most significant manufacturing incentives bolstered by the IRA is the Advanced Energy Project Credit (Section 48C), which received \$10 billion in new funding. The IRS anticipates that in its first round of allocations, it will allocate about \$4 billion of this new funding to qualifying projects. Of that \$4 billion, \$1.6 billion will go to projects located in **communities that have been hit hardest by the shift away from fossil fuels**. On May 31, 2023, the IRS opened the application for the first allocation round to manufacturers looking to invest in advanced energy projects.

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Projects that reequip, expand, or establish certain energy manufacturing facilities for the production or recycling of renewable energy property, energy storage systems and components, or other energy property are eligible for this credit. This includes electric vehicle manufacturers and their suppliers.

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At its base level, this program offers qualified advanced energy projects a credit of 6 percent of the project's qualified investment costs. If a project meets the prevailing wage and apprenticeship requirements, it is eligible for up to a credit of 30 percent of the project's qualified investment costs.

To obtain this credit, applicants must first apply with the Department of Energy (DOE) by submitting a concept paper on the [eXCHANGE Portal](#) by **July 31, 2023**. Applicants should utilize the templates available on the eXCHANGE portal to detail why their project meets the eligibility requirements and applicable technical review criteria. Once submitted, the DOE will conduct a multi-step evaluation of each application, including compliance, eligibility, technical, and program policy reviews. After completing its assessment, the DOE will issue a letter to the applicant either encouraging or discouraging them from submitting a full Section 48C(e) application. This letter will include feedback on improvement areas to strengthen the application.

Following the concept paper stage, the eXCHANGE portal will reopen, and applicants will then submit their full Section 48C(e) applications. These applications must propose a qualifying advanced energy project and include all required information, including whether the project will be applying for an allocation of the credits calculated at the 30 percent credit rate and which project category it will be applying under (e.g., clean energy manufacturing and recycling projects, greenhouse gas emission reduction projects, and critical material projects). Further information will be required based on the category of the project. The DOE will evaluate the Section 48C(e) application by conducting another multi-step evaluation, including compliance, eligibility, technical,

due diligence, and program policy review. After the DOE has completed its evaluations, it will supply the IRS with its recommendations. The IRS will then review the Section 48C(e) applications and the DOE recommendations to determine which projects will receive funding. The IRS will complete the round one allocation decisions by March 31, 2024.

**Taylor Conley**, *Summer Associate with Womble Bond Dickinson, contributed to this client alert.*

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