

INCREASING THE COMPETITIVENESS OF AMERICAN MANUFACTURING

The 48C Qualifying Advanced Energy Project Credit Program

The **Qualifying Advanced Energy Project Credit (48C)** supports American clean energy manufacturing through a 30% tax credit for investments in advanced energy projects. The Inflation Reduction Act provided \$10 billion in new funding, supporting over 240 projects across approximately 30 states. The 48C credit ensures breakthrough American technologies are manufactured domestically rather than abroad.

American clean energy manufacturing faces intense global competition

Foreign competitors have captured significant market share in manufacturing critical clean energy technologies, often with substantial government support. Without continued federal investment, America risks ceding leadership in the industries that will define the 21st century economy.

The 48C tax credit addresses this challenge by helping American companies scale cutting-edge technologies from laboratory to market. This support is particularly crucial for moving technologies through the innovation pipeline and towards commercialization.

Accelerates energy innovation & deployment

The 48C program provides a 30% tax credit for qualified investments in three categories:

- **Industrial Decarbonization:** Retrofits of manufacturing facilities with equipment designed to reduce greenhouse gas emissions by at least 20%, targeting cement, steel, aluminum, and chemicals sectors
- **Critical Materials Processing:** Processing, refining, or recycling of materials essential for clean energy technologies, reducing dependence on foreign supply chains
- **Clean Energy Manufacturing and Recycling:** Solar components, wind turbine parts, batteries, grid technologies, and other advanced energy equipment

Recent Program Allocations:

- **Round 1 (March 2024):** \$4 billion allocated to 100+ projects
- **Round 2 (January 2025):** \$6 billion allocated to 140+ projects
- **Industry Demand:** 400+ applications representing \$100+ billion in requested credits

Table 1. Examples of technologies supported by the 48C program

Category	Technologies
Solar Manufacturing	Polysilicon, wafers, cells, modules, inverters, tracking systems
Wind Manufacturing	Blades, towers, gear boxes, generators, control systems
Battery & Storage	Lithium-ion batteries, grid-scale storage, battery recycling
Industrial Decarbonization	Carbon capture equipment, electric process heating, hydrogen production
Critical Materials	Lithium processing, rare earth refining, magnet manufacturing
Grid Technologies	Smart grid components, transmission equipment, demand response systems

Building on bipartisan success

Since 2009, the 48C program has strengthened domestic energy supply chains and helped ensure that American manufacturing capabilities remain competitive. Oversubscribed by a factor of 10-to-1, American companies have shown they are ready to invest in domestic American energy manufacturing. These industry led, government enabled investments are critical to ensuring the United States remains competitive globally in the industries that will power the world over the next century.

Figure 1. Congressional Districts hosting IDP projects

