



U.S. Policy & Its Impact On Stationary Energy Storage (BESS)

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CROSSROADS OF CHANGE:
Policy, Cybersecurity, & Global Battery Markets

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FROM CONCEPT TO CAPABILITY



Mission: Enable the domestic production of Li-ion battery materials, incentivize innovation to increase U.S. competitiveness and foster meaningful industrial partnerships.

Method: BATT members actively engage in advocacy for relevant tax legislation, trade policy, and federal funding for technology commercialization.

BATT Coalition Membership



U.S. Policy & Its Impact On Stationary Energy Storage (BESS)

	Tax Credits	Tariffs	Trade	Executive Orders
Relevant Policy	Treasury <ul style="list-style-type: none"> ➤ IRA 48E Investment Tax Credits ➤ IRA 45X Production Tax Credits 	USTR: Tariffs <ul style="list-style-type: none"> ➤ Section 232 ➤ Section 201 ➤ Section 301 ➤ Section 122 ➤ Section 338 	Commerce/State Department <ul style="list-style-type: none"> ➤ International Critical Mineral Agreements ➤ Bi-Lateral and Multinational Cooperation ➤ Export-Import Bank 	White House <ul style="list-style-type: none"> ➤ 14154 Unleashing American Energy ➤ 14156 Declaring A National Energy Emergency ➤ 14345 Implementing the United States-Japan Agreement ➤ 14318 Accelerating Federal Permitting of Data Center Infrastructure

45X Advanced Manufacturing Production Tax Credits

(IRA Section 13502, Treasury)

Provides Federal tax credits for each clean energy component domestically produced.

Eligible Battery components include:

- Certain battery components
 - Electrode active materials
 - Battery cells
 - Battery modules
- Certain critical minerals, including
 - Aluminum
 - Cobalt
 - Graphite
 - Lithium
 - Nickel
- *Inverters, Solar components, Wind turbine and offshore wind components also eligible*

- Electrode active materials, 10% of the costs incurred with respect to production of materials
- For applicable critical mineral, an amount equal to 10% of the costs incurred with respect to production of such mineral.
- Battery cell, \$35/kilowatt-hour
- Battery module, \$10/KWh (or, in the case of a battery module which does not use battery cells, \$45/kWh)

45X Advanced Manufacturing Production Tax Credits

Modifications included in the 2025 Reconciliation Act

Critical Mineral & Battery Component Requirements

1. Sets a schedule of increasing threshold percentages for various components, including battery components and critical minerals.
2. For battery components, the percentage increases from 60% in 2026 to 65% in 2027 to 70% in 2028, to 80% in 2029 to 85% after 2029
3. Phases out critical minerals credit beginning in 2031 (75%), 2032 (50%), then 2033 (25%) with 0%
4. Defines material assistance based on a “material assistance cost ratio” equal to the total costs of manufactured products incorporated into the facility minus the costs attributed to the prohibited foreign entity, divided by the total overall costs.

45X Advanced Manufacturing Production Tax Credits

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Foreign Entities of Concern / Prohibited Foreign Entities / Foreign Influenced Entities	Restricts credit access via “Prohibited Foreign Entities (PFEs)” – uses same basic definition as the IIJA as codified in <u>42 USC 18741</u> , same as used in 30D)
Foreign Adversary / FEOC Nations Definitions	Covered nation as defined in 4872(d)(2) of title 10, USC (China, Russia, N. Korea, Iran)
FEOC Ownership / Control Thresholds	Uses 25% thresholds for control via equity interest, board seats, and voting rights (like DOE FEOC regulations)
Licensing Agreements Restrictions	Foreign entities cannot exercise effective control through a licensing agreement. Effective control can be found through a variety of mechanisms, such as contractual rights to source components/critical minerals or to direct operations, that limits IP or does not provide all the data and know how, among others

Proposed 45X PTC Rules and Guidance expected to be released from the Treasury Department Soon.

Sourcing Requirements: Foreign Entity of Concern Guidance

Example Language from IIA Section 40207(a)(5)

An entity is a FEOC if it is a foreign entity that is:

(A), (B), (D) Included on existing OFAC, State, DOJ lists

(C) Owned by, controlled by, or subject to jurisdiction or direction of the government of a foreign country that is a covered nation (China, Russian, North Korea, Iran)

(E) Determined by DOE to be engaged in unauthorized conduct detrimental to national security or foreign policy (in consultation w/ DOD, DNI)

[Foreign Entity of Concern Interpretive Guidance | Department of Energy](#)

Similar Language included in the Following Acts

- 2022 CHIPS and Science Act
- 2022 Infrastructure Investment and Jobs Act (IIJA) Infrastructure Law Provisions 40207(b) and 40207(c)
- 2022 Inflation Reduction Act (IRA) 26 U.S.C. 30D Clean Vehicle Tax Credit
- 2025 Reconciliation Act: Added FEOC requirements to Inflation Reduction Act of 2022 26 U.S.C. 45X Advanced Manufacturing Production Tax Credits
- 2026 National Defense Authorization Act Section 842 PROHIBITION ON ACQUISITION OF ADVANCED BATTERIES FROM CERTAIN FOREIGN SOURCES

Thank You!



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