

BUILD AMERICA BUY AMERICA VS. DOMESTIC CONTENT CHEAT SHEET

NATIONAL SOLAR FOR ALL NETWORK

January 2025 update: On January 10, 2025, EPA issued a *temporary and scope-limited* BABA waiver for Solar for All projects. It is available Between January 10, 2025 and December 31, 2025, and only for solar modules installed by June 30, 2026. It can be found [here](#). The waiver only covers solar modules and does not include other parts of a solar project or storage. Modules for which final assembly occurred outside the US are not eligible for the waiver. Final assembly means “all operations involved in the transformation of individual solar cells and all other modules into a fully functional encapsulated module.” Find additional rules for Solar for All on [CESA’s website](#).

	BABA	Domestic Content Bonus Credit
Relevant Categories of Products	<ul style="list-style-type: none"> ✓ Iron and steel ✓ Manufactured products ✓ Construction materials – does not include cement or cement-like products like aggregates 	<ul style="list-style-type: none"> ✓ Iron and steel ✓ Manufactured products
Manufactured Products	<ul style="list-style-type: none"> ✓ No solar or S+S products list available from EPA yet ✓ Must have been manufactured in the US, and ✓ US costs components exceed 55% of the total cost of all components for the manufactured product, on a product basis ✓ Not a manufactured product if product meets the definition of an iron or steel product, a construction material, or a “section 70917(c) material,” which is essentially a cement or cement-like material. 	<ul style="list-style-type: none"> ✓ Category includes PV modules, trackers, battery packs, battery housing, and inverters ✓ Manufacturing processes must take place in the US and all components are of U.S. origin, or ✓ US costs components meet or exceed Adjusted Percentage Rule on a project basis – 40% for projects beginning construction before 2025, 45% for projects beginning construction in 2025, 50% for projects beginning construction in 2026, and 55% for projects beginning construction after 2026

	BABA	Domestic Content Bonus Credit
Requires Actual Knowledge of Manufacturing Costs?	✓ Yes	✓ Not if using the elective safe harbor rules . Percentages are available for solar and BESS.
Iron and Steel	<ul style="list-style-type: none"> ✓ Wholly or predominantly made of iron and/or steel ✓ 100% of iron, steel manufacturing processes must have occurred in the US, i.e., all activities from the initial melting stage through the application of coatings ✓ EPA-issued minor components waiver for up to 5% of the total material cost of an otherwise domestically produced iron or steel product 	<ul style="list-style-type: none"> ✓ Construction materials made primarily of steel or iron and that are structural in function ✓ 100% of iron and steel manufacturing processes must have occurred in the US, except metallurgical processes involving refinement of steel additives ✓ Waivers are not relevant for domestic content but may be relevant for direct pay access.

Are the Buy America Preference and the Domestic Content Bonus Credit Requirements the Same?

No. They look very much like one another but there are subtle definitional differences and different cost calculation processes that will require careful attention when attempting to meet compliance requirements for both.

Both have 100% US-produced steel and iron requirements. However, definitions do not match across the standards. For example, the tax credit standard is not applicable to iron and steel that is not structural in nature. In addition, EPA has already issued a Minor Components waiver for iron and steel products. That waiver does not create any exemption for projects that seek to meet the Domestic Content Bonus Credit requirements, which still have to meet the 100% threshold to qualify for the credit. While BABA covers three main categories of products (iron/steel, manufactured products, and construction materials), the tax credits only cover two categories (iron/steel and manufactured products), where iron/steel is a structural construction product instead.

Further, for purposes of the Domestic Content Bonus Credit, manufactured products are deemed to have been produced in the United States “if not less than the adjusted percentage (...) of the total costs of all such manufactured products of such facility are attributable

to manufactured products (including components) which are mined, produced, or manufactured in the United States.”¹ This means that manufactured products can qualify as “produced in the United States,” by meeting the Adjusted Percentage Rule (i.e., exceeding 55 percent of domestic costs).

In contrast, the rules applicable under BABA require that the manufactured products be *both* “manufactured in the United States” *and* meet BABA’s 55 percent rule.² While we believe, based on other definitions in the Code of Federal Regulations that the “manufactured in the United States” refers to the last stages in the process, this is not clear.

Beyond definitional differences, the methods for calculating compliance also seem to differ starkly. First, meeting the tax credit threshold can be done either using actual components’ costs or using the simpler elective safe harbor rule tables. That is not the case under BABA, which does not propose such simpler method.

Second, meeting the tax credit threshold is done at the project level, so that the costs (or cost percentages as the case may be) add up for the whole project. The regulatory language for BABA, however, seems to imply that the cost threshold must be met for each and every manufactured product within a project. This was confirmed by both MIAO and DOE.

In addition, and most obviously, note that while the standards will both ultimately be set at 55%, at the time of writing, it is not yet the case.

Lastly, compliance and certification processes are different. Certification procedures for the Domestic Content Bonus Credit are detailed on page 17 of [Notice 2024-41](#).

Based on the above, while common sense tells us that a project that meets BABA requirements would also meet the requirements of the Domestic Content Bonus Credit requirements, it is not guaranteed, and a detailed evaluation of projects must be done.

On the other hand, awardees should not rely on projects meeting the Domestic Content Bonus Credit requirements to meet BABA’s Buy America Preference. Going through a couple of projects with a developer will likely be necessary to understand the practical differences.

¹ [26 U.S.C. § 45Y\(g\)\(11\)\(B\) and \(C\)](#)

² [2 CFR 184.3 “Produced in the United States”](#)