

# Federal Tax Credits: Material Assistance Rules for Mere Mortals (April 6, 2026)

## Responses to Unanswered Webinar Q&A Submissions

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**Q: Can you comment on the recent "Blue Wafers" issue raised by Wiley and its implications for PFE compliance? <https://www.wiley.law/alert-Blue-Wafers-in-Solar-Cell-Manufacturing-Critical-Compliance-Risks-for-Solar-Project-Developers>**

A: We don't know enough about the technology to have a view on whether "blue wafers" are actually cells, as the Wiley article suggests. But the question of whether something is a cell or a wafer would have similar implications for the PFE rules as for the domestic content bonus. The two sets of rules have the same cell vs. wafer distinction, where cells are considered "MPCs" that factor into the analysis while wafers are considered subcomponents that do not. The PFE rules incorporate the definition of "MPCs" including cells, from the domestic content rules, so the question of whether something is a cell as opposed to a wafer should be the same in both contexts. (See Notice 2026-15, section 3.01(2)(a), and footnote 27 on page 59.) Of course, in domestic content, the test depends on *where* MPs and MPCs are produced, whereas for the PFE rules, the question is *who* produces the MPs and MPCs if that entity is a PFE.

**Q: How hard is it to actually manufacture battery cells for energy storage in the U.S.? Can someone purchase raw materials (like cathodes) from China but manufacture the cells here and still FEOC-compliant?**

A: Under the Notice, a producer who imports all the raw materials from Chinese entities but produces the cell itself here in the US could very well be PFE compliant as long as that US producer is not a PFE (meaning it isn't owned by Chinese entities and it hasn't issued debt or made certain payments to Chinese entities, among the other PFE rules). The core question under material assistance rules and Notice 2026-15 is whether the entity that produced the MP (e.g., the modules, inverter, and tracker) or produced the MPC (e.g., cells, front glass, etc.) is a PFE. The Notice says you do not need to look at the entities who produced the subcomponents or raw materials.

**Q: What is the definition for qualified interconnection property?**

A: The definition of qualified interconnection property, as that term is used in section 48E (the tech-neutral ITC provision), is provided in section 48(a)(8)(B) as follows:

(B) Qualified interconnection property

The term "qualified interconnection property" means, with respect to an energy project which is not a microgrid controller, any tangible property—

(i) which is part of an addition, modification, or upgrade to a transmission or distribution system which is required at or beyond the point at which the energy project interconnects to such transmission or distribution system in order to accommodate such interconnection,

(ii) either—

(I) which is constructed, reconstructed, or erected by the taxpayer, or

(II) for which the cost with respect to the construction, reconstruction, or erection of such property is paid or incurred by such taxpayer, and

(iii) the original use of which, pursuant to an interconnection agreement, commences with a utility.

The final regulations for sections 48 and 48E provide further detail on the rules for qualified interconnection property. See:

[www.federalregister.gov/documents/2024/12/12/2024-28190/definition-of-energy-property-and-rules-applicable-to-the-energy-credit](http://www.federalregister.gov/documents/2024/12/12/2024-28190/definition-of-energy-property-and-rules-applicable-to-the-energy-credit) and

[www.federalregister.gov/documents/2025/01/15/2025-00196/section-45y-clean-electricity-production-credit-and-section-48e-clean-electricity-investment-credit](http://www.federalregister.gov/documents/2025/01/15/2025-00196/section-45y-clean-electricity-production-credit-and-section-48e-clean-electricity-investment-credit).

**Q: How does the "prior supplier in the chain of production" affect the sub-components that you earlier said were exempt? (May you'll discuss later)**

A: The notice indicates, in example 4 of section 4.03, that a taxpayer can satisfy the safe harbor certification by getting a statement that the MPs it acquires "were not produced or manufactured by a PFE and that the supplier does not know (or have reason to know) that a prior supplier of any MPC in the chain of production of such MPs is a PFE." This is slightly different than the statutory language that you've correctly pointed out and quoted in your question. With that said, the Notice seems to provide a more flexible and workable safe harbor certification than the statute specifically provides.

**Q: So your position/interpretation is that only MP need to certify their suppliers (MPCs) are non-PFE and that that certification process does not apply to the MPCs as well. Meaning that the MPC suppliers need to be certified non-PFE as well. Are you citing the statute on that or are you just interpreting it that way?**

A: The Notice states that if a taxpayer is acquiring an MP, and they want to use the certification safe harbor, they need to get a certification from their "direct supplier" that certifies whether the MP is produced by a PFE and whether any of the listed MPCs within have been produced by a PFE. If the taxpayer is acquiring MPCs (and producing the MP itself), then the taxpayer would get a certification from the direct supplier of the MPC as to whether the MPC was produced by a PFE.

**Q: Can you share the link for the first link with ownership examples? Will we get the slides they did not cover about ownership too?**

A: The presentation slides have ownership examples (though we didn't get to them). CESA has posted the slides here: [www.cesa.org/event/federal-tax-credits-material-assistance](http://www.cesa.org/event/federal-tax-credits-material-assistance). You can also find additional examples in our slide deck at this link: <https://taxlawcenter.org/blog/navigating-obbba-phaseouts-prohibited-foreign-entity-rules-and-other-new-rules>

**Q: Is Taiwan considered part of China?**

A: This question has not been specifically answered in guidance.

**Q: I have heard that Samsung (Korea) cells produced in their China facility are not PFE. Is this wrong.**

A: That would likely depend on how Samsung structures its operations in China. We cannot know for sure without understanding that structuring. However, the PFE rules state that an entity having its "principal place of business" in a covered nation (like China) can render the entity a PFE. So, if a non-Chinese corporation that isn't itself a PFE has a standalone subsidiary producing cells in China, and that subsidiary's principal place of business is in China, the subsidiary would be treated as a PFE. Likewise, if the non-Chinese corporation just has a branch in China rather than a subsidiary entity, the branch still could potentially be treated as a PFE, because the PFE statute also says that any "qualified business unit" having its principal place of business in a covered nation will be treated as PFE. So we do not see an evident way to produce in China and avoid the PFE rules.

**Q: I still didn't get the production line in land-based wind turbines. I could have production of MPCs in several places, and bundle altogether on field on what's so called "wind turbine assembly". Components may be sourced from different places. Example: Hub could be produced in US, blades in China, Nacelle in India, etc. How to account for the production in this case?**

A: The turbine as a whole is a manufactured product, so 'bundling' those various parts is considered production of a manufactured product. The production line item is looking at production of the TURBINE only. It is not looking at production costs of the MPCs - those production costs are embedded in the acquisition cost of those MPCs. If the turbine is produced by a non-PFE, the taxpayer should treat the production line item as non-PFE cost. If the turbine is produce by a PFE, the taxpayer should treat the production line item as PFE cost.

**Q: And is logistics included in the cost of an item if manufactured abroad?**

A: We may need to understand the particular transaction you are thinking about. However, keep in mind that whether any particular "cost" is relevant here depends on whether you are using the Cost % Safe Harbor. If you are using the Cost % Safe Harbor to determine cost for purposes of calculating your MACR, you don't need to worry about logistics or other costs. You simply look at each MP and MPC in the table, and you go line by line and determine whether the MP and the MPCs within were produced by a PFE or a non-PFE. Then, using that information, you run the MACR calculation using the cost values in the table. PFE cost values go into the PFE part of the MACR calculation, and non-PFE cost values go into the non-PFE part of the MACR calculation. If you're using the general rules and not the table, then logistics (e.g., freight-in) should be included in the cost because it would be a direct cost under the 263A rules.