

## 48C Webinar Script

Scheduled for 2 pm (eastern time) on Tuesday, February 19, 2013

([X] Indicates slide number in the accompanying slide deck.)

[1]

Welcome to the Office of Energy Efficiency and Renewable Energy's webinar. My name is LeAnn Oliver and I am the Project Manager for DOE's 48C review process. We appreciate your taking the time to join us to learn about this opportunity.

Today, we will provide information on how to apply for the 48C Phase II Program, as described in the IRS Notice 2013-12. As provided by the statute, DOE is working in consultation with the Internal Revenue Service to provide technical evaluation of applications. Based on its review, DOE will recommend applications to IRS, who has the final authority in determining which co-applicant will receive the tax credits.

Those of you who applied in Phase I may remember that we asked all applicants to submit a full application. In order to lessen the burden, this time we are doing a 2-step process, where we will score 10 page concept papers and ask only those with the highest probability of success to submit a full application. And if you applied before you may also remember that submissions were on CDs. This time we are using an online electronic process. Only applications submitted electronically will be considered.

After providing a brief overview of the entire process, this webinar will walk you through the steps to successfully submit a Concept Paper. We will discuss how to use the EERE eXCHANGE system for submission, the required documents, and the required sections of the Concept Paper. This webinar is designed to focus on the process for applying for the 48C credit. We will only discuss project eligibility and the scoring as necessary to provide an overall context. The IRS Notice contains more information on eligibility and scoring.

During the webinar, you will be able to post in the "questions" window of the webinar. We are actively monitoring these, and will attempt to consolidate and answer trending questions. After the webinar, we will review the questions and submit answers to IRS for uploading to their Frequently Asked Questions page for this notice. All FAQs will also be posted on our eXCHANGE website. FAQs will be grouped by subject matter and updated regularly, so please check there first you have a question.

### **Agenda**

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Today, we will talk about four things:

- A brief overview of the program,
- Timeline for the review process,
- Parts and preparation of the Concept Paper; and

- How to use EERE eXCHANGE
  - EERE eXCHANGE is a web based tool for collecting and reviewing applications for funding opportunities. This system allows EERE to better serve the applicant by providing a single repository for documents and one-stop location for communication regarding funding opportunities. While the 48C Phase II Program is not a funding opportunity per se, the requirement to review and select recipients for the tax credit requires the review tools provided by eXCHANGE. All applicant taxpayers must use this system if they wish to apply.

Let's now move on to a brief overview of the legislation.

### **Overview of the Legislation**

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Section 48C of the Internal Revenue Code was passed in 2009 and provides for the qualifying advanced energy property project program. The statute authorized \$2.3 billion of tax credits. These were selected in 2010. The statute also authorized the Service to complete a review of the original selections and allocate any funds that had not been used. The Service has determined that 48C Phase I credits in the total of \$150,228,397 are available for reallocation under the 48C Phase II program.

IRS Notice 2013-12 establishes the process for a second phase of the qualifying advanced energy project program to distribute the available 48C credits.

So let's move on to a brief background. The purpose of 48C is to encourage American manufacturing of components related to clean energy technologies.

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Let's talk about what a qualifying advanced energy project is.

As defined in the statute, and as you see in current slide, an eligible project meets the following requirements:

- the project re-equips, expands, or establishes a manufacturing facility for the production of specified advanced energy property or property that, after further manufacture, will become specified advanced energy property;
- pursuant to section 48C(d)(2), the Service has certified that part or all of the qualified investment in the project is eligible for a tax credit under section 48C; and
- the project does not produce any property which is used in the refining or blending of any transportation fuel (other than renewable fuels).

The manufacturing facility must be located in the U.S. Questions about taxpayer applicant eligibility should be directed to the IRS, and contact info will be provided at the end of this webinar.

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Now, let's point out how the Notice defines specified advanced energy property. We will not go through this in detail, but you can see that a wide range of products is eligible.

A specified advanced energy project is defined as any of the following:

- property designed for use in the production of energy from the sun, wind, geothermal deposits or other renewable resources;
- fuel cells, microturbines, or an energy storage system for use with electric or hybrid-electric motor vehicles;
- electric grids to support the transmission of intermittent sources of renewable energy, including property for the storage of such energy;
- property designed to capture and sequester carbon dioxide and sequester carbon dioxide emissions;
- property designed to refine or blend renewable fuels (but not fossil fuels) or to produce energy conservation technologies (including energy-conserving light technologies and smart grid technologies);
- new plug-in electric drive motor vehicles, qualified plug-in electric vehicles or components that are designed specifically for use with such vehicles, including electric motors, generators, and power control units; or
- other property designed to reduce greenhouse gas emissions as may be determined by the Service.

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It is important to note that the production of fuel, or electricity is NOT eligible, nor are buildings and their structural components. It is the manufacture of components that become tangible property that would contribute to the production of energy, or reduction of greenhouse gas pollution that is the target of the 48C tax credit.

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Let me finish up with project eligibility.

Eligible projects must meet three criteria:

1. They have to manufacture advanced energy property or components;
2. The manufactured property must have a reasonable expectation of commercial viability ( we will talk more about this later), and
3. The requested credit is 30% of the qualified investment, not to exceed 30 million dollars.

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Each Concept Paper will undergo a compliance review to determine that it meets the eligibility requirements outlined in Section 3 of Appendix B in the Notice, all required information has been

submitted, and all mandatory requirements of the Notice are satisfied. If a concept paper clearly fails to meet the eligibility requirements or does not provide sufficient information for evaluation, the concept paper will be considered non-responsive and eliminated from further review.

Once compliance has been determined, a merit review that assigns numeric scores based on Commercial Viability will be conducted. Commercial Viability is broken up into four categories:

- Market and Product Viability (35%) of the score;
- Project Financial Viability (35%) of the score;
- Other Viability Factors (25%) of the score;
- Exceptional Project Strengths (5%) of the score; for all of you who like to get bonus points, here is an opportunity.

For more information on the compliance review and merit review, see Appendix B of the 2013-12 notice.

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Now let's move on to the timeline and those important due dates for this process.

### **Timeline**

The notice was posted on February 7, 2013. Taxpayers have until April 9th, 2013, to submit a Concept Paper using EERE eXCHANGE.

EERE and IRS will review Concept Papers and invite those high scoring taxpayers to submit a full application. Invited taxpayers will be notified on June 4th, 2013. Full Applications will be due on July 23rd, of this year. A webinar on completing the Final Application will be conducted for the selected Taxpayers. The IRS will notify those selected to receive the tax credit not later than November 15<sup>th</sup> of this year.

Next, let me turn this over to Patrick Shipp, who will talk about the parts of the Concept Paper and walk you through how to use EERE exchange.

Good afternoon, I'm Patrick Shipp, and I'll be talking to you about the Concept Paper, it's parts, and EERE eXCHANGE. Please remember, if you have a question, post it to the questions window of the webinar.

### **The Concept Paper**

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The Concept Paper must be submitted via the EERE eXCHANGE system. Only electronic submissions will be accepted. Appendix B of the Notice identifies the parts of the Concept Paper, and the information required by DOE so that it can conduct a thorough review of the Concept Paper.

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The Concept Paper must conform to the following requirements:

- The Concept Paper must be written in English.
- All pages must be formatted to fit on 8-1/2 by 11 inch paper with margins not less than one inch on every side. Use Times New Roman typeface, a black font, and a font size of 11 points or larger (except in figures and tables). A symbol font may be used to insert Greek letters or special characters; the font size requirement still applies.
- The control number assigned when you register in the eXCHANGE system must be prominently displayed on the upper right corner of the header of every page. Page numbers must be included in the footer of every page.
- Each Concept Paper should be limited to a single project. A business may submit more than one project for consideration.
- Concept Papers must be limited to 10 pages of narrative and five pages of appendices.
- Pages in excess of the page limitation will not be considered for review.
- Merit review criteria are listed in Section IV (F) of Appendix B.

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The Concept Paper must contain the following sections:

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**An Executive Summary.**

This should provide a brief summary of the project, the amount of the tax credit you are requesting—30% of the qualified investment, not to exceed \$30 million. And the potential impact that the project would have on your technology field, as well as on domestic manufacturing.

**Description of the Advanced Energy Project**

This section of the concept paper addresses project eligibility. It should describe the specified advanced energy property that the manufacturing facility would produce—whether it is re-equipped, expanded or new. If your project will produce property that, after further manufacture, will become a specified advanced energy property, this section should describe both the property produced at the facility **and** the specified advanced energy property for which the produced property will be used—and it should give the percentage of the property produced at the facility that will be used for the production of specified advanced energy property.

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**Description of Commercial Viability**

For merit review purposes, this part of the concept paper should include information about the market segment or segments for your manufactured product

Address specifics such as sufficiency of existing market or markets—particularly with regard to dollar volume and market stability—factors such as demand and price for the product and its end products or

systems. This section should also describe the potential for sale of the product into multiple markets—and the growth potential for those markets.

The commercial viability portion of the concept paper should include information about the competitiveness of your product—such as pricing, the strength of competitors, and market entry strategy—for example, product differentiation, barriers to entry, intellectual property rights, first mover advantage—and so forth.

You may want to include information about other factors relevant to viability factors, including payback period, profitability of investment, and financial assumptions such as costs, revenues, discount rate and such.

The commercial viability narrative should also include information about the potential for project success based on the level of commitment as demonstrated through references to partnership agreements you may have, permits and other examples of progress; the management team’s track record in areas relevant to the project—as well as identification of potential risks and plans for their mitigation.

In addition, this section of the concept paper devoted to commercial viability should also describe the company’s overall corporate health. Include any company-wide issues that could affect the ability to complete the project as proposed. Discuss any legal claims or liabilities, planned debt restructuring, planned corporate actions—or other factors that could negatively affect the likelihood of project completion.

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#### **Description of the project’s contribution to American manufacturing**

This section of the concept paper should explain how the facility is sustainable in the United States. As applicable, include information about which aspects of the project are well suited for manufacturing in America—product, technology, facility, process, or other aspects. Please include information about the extent to which this activity is supported by the local or domestic supply chains. And if the project is likely to set the foundation in a strategic and growing industry segment—or other ways the project is sustainable or significant for American manufacturing.

The narrative about American manufacturing should include information about how the project adds to regional economic development—including whether the product or process is likely to contribute to greater domestic research and development, or if it brings new skills to the American workforce.

This section should also include a description of the major effects receipt of this tax credit would have on your decision making. Examples could include decisions related to whether to pursue the project, whether to develop it here or abroad, its timing, size—and so forth.

#### **Technological Innovation**

For merit review purposes, this section should briefly identify any unique technological innovations in which the product or process will play a key role.

### **Domestic Job Creation**

The online system for applying to the 48C Phase II Program is called eXCHANGE, which we will discuss in detail later. As part of the information collected with your application, there are data fields for direct jobs in eXCHANGE. Jobs should be listed as full-time equivalent employees directly billable to the project for each calendar year. For merit review purposes, you will need to enter this information.

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### **Project Schedule and Time to Completion**

This section should identify the date the project is scheduled to be fully operational, which will be used for merit review purposes.

### **Impact on Air Pollution and Anthropogenic Emissions of Greenhouse Gases**

For merit review purposes, this section should briefly identify any unique contribution or contributions the product will make in avoiding or reducing air pollutants and/or anthropogenic emissions of greenhouse gases.

Next, we will walk you through the steps for using EERE eXCHANGE, including how to register for a login, where to find the 48C Notice, and how to fill out the application and submit your Concept Paper.

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### **EERE eXCHANGE**

If you have applied for an EERE FOA in the past, you will not need to register again for this announcement. If you have not used eXCHANGE before, follow these steps to register for a login for eXCHANGE.

- Navigate to EERE eXCHANGE at <https://eere-eXCHANGE.energy.gov>
- Click the 'Register' link on the left side of the page
- Select the 'Applicant' button
- Complete the Applicant Registration Form. All fields with a red asterisk are required.
- Click the 'Register' button.
- Registration is complete, and you can now log in to eXCHANGE.

Next, you will need to navigate to the 48C Concept Paper section of eXCHANGE.

- On the left side of the screen, locate the link, "Funding Opportunity". This will display a table of available opportunities.
- Locate the 48C Tax credit in the table of available announcements. The credit can also be found by searching for the eXCHANGE number—48C-0002013—or its title, "48C Phase II Program."
- Click 'Apply' to login.

Now, let's talk about what the applicant needs to enter into the system.

- Again, all items with a red asterisk are required.

- Enter the Project Title
- Enter the Executive Summary (Note the max number of characters, and remember that the summary needs to match the executive summary submitted in the Concept Paper document.)
- Use the dropdown menu to select a technology focus area.
- Select the radio button for the project purpose.
- Enter the Federal Employer Identification Number. Include the dash.
- If there is a parent company, enter its Federal Employer Identification Number. Include the dash.
- Enter the DUNS Number
- Enter the qualified investment tax credit. The amount must be 30% of the qualified investment, and cannot exceed 30 million dollars.
- Enter your estimate of the number of direct jobs that will be created each year through 2017.
- Enter the company's exact legal name. This is the name that is associated with the Federal Employer Identification Number, and appears on all incorporation documents.
- Select the organization type from the dropdown menu.
- Click on Create Concept Paper button.

Once the Concept Paper has been created, you will need to enter Contact Information and Location of Work information.

Click on 'Continue with Concept Paper Submission.'

#### Contact Information

- Provide a Business Point of Contact and a Technical Point of Contact.
- The business POC should be someone who can answer questions related to the business plan described in the Concept Paper.
- The Technical POC should be someone who can answer questions about the facility that is going to be built, expanded, or retrofit.
- Click Save and Continue.

#### Location of Work

- This section allows you to enter the location where the work described will be performed.
- Enter the City, State, and Zip Code, as well as the percentage of the work that will be performed at that location.
- In the past, applicants have requested a single tax credit, but have planned work done in more than one location. There is nothing wrong with this approach, as long as the credit is being used in accordance with the requirements outlined in the notice.
- If more than one location is needed, use the "Add Location" button.
- Click Save and Continue.

#### Upload and Submit

- In order to complete your submission, you must upload your Concept Paper.
- The "upload and submit" button allows you to upload a copy of your Concept Paper.

- Once the document is uploaded, review the terms and conditions in the Notice, and check the box.
- If you certify that you are authorized to submit on behalf of your company, click the box, then press the 'Submit' button.
- You will also need to upload the 'Required Perjury Statement'. That perjury statement will need to be a PDF.

Your Concept Paper has been submitted. Applications and the Concept Paper are available to edit and resubmit until the date and time the announcement closes on Tuesday, April 9th at 5:00 pm Eastern time. At that point, the system will lock out all applicants.

What will you see when you have submitted your Concept Paper?

Once your Concept Paper and application have been submitted, you will receive a system generated email with a control number. Keep this for your records.

If you wish to edit your submission, you may, up until the date and time the announcement closes.

- Login to eCHANGE and click the link on the left, titled "My Submissions."
- Find your submission for the 48C Tax Credit, and click "Edit."
- You will be asked to Un-submit or Keep Locked your submission. To continue editing, click Un-submit.
- You can now go back and update information in your application. You may also upload a new or updated Concept Paper. In order to upload a new Concept Paper, you will need to remove the existing paper.
- When you have completed your updates, follow the instructions to submit your application as before.

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Before we finish, we need to talk about the most important thing – how to get in touch if you have additional questions.

As we said earlier, any questions that you asked as part of this webinar will be addressed and posted on both the IRS website and eCHANGE. Going forward, you may submit questions to the IRS point of contact listed in the notice at any time. Answers will be posted on the IRS website and the eCHANGE website.

This concludes the webinar for IRS Notice 2013-12, 48C Phase II Program. Thank you for joining us.