



H.R.1: One Big Beautiful Bill Act (OBBBA)

Overview of Battery and Critical Minerals Provisions

Batteries & the Trump Administration



Executive Orders



Tariffs & Trade Deals



Funding & Staffing Cuts



OBBBA Toplines

- **2017 Tax Law Made Permanent:**
 - Lower individual income taxes, business tax breaks (R&D & equipment credits)
- **States Take on Greater Health/Ag Role:**
 - States to carry greater Medicaid, SNAP, and related costs
- **\$180+ Billion for Border Security, Immigration, and Law Enforcement:**
 - \$50B for border wall, additional investments in immigration detention capacity and DHS capabilities
- **\$150 Billion for Defense:**
 - Shipbuilding, missile defense, munitions, and supply chain readiness see boost
- **Drilling on Public Land Expanded:**
 - Including mandated oil and gas lease sales
- **Clean Energy Programs Repealed or Reduced:**
 - Wind, solar, and EV credits significantly reduced, and emission reduction programs ended
 - Favors baseload/dispatchable power: geothermal, hydrogen, nuclear, batteries





Battery and Critical Minerals Credits

45X Advanced Manufacturing PTC

- Battery Components:
 - **Electrode Active Materials:** 10% production costs
 - **Battery Cells:** \$35/kWh
 - **Battery Modules (*new definition*):** \$10/kWh (\$45/kWh for w/o cells)
 - **2030:** 75%; **2031:** 50%; **2032:** 25% [*credit terminates at end of 2032*]
 - *New prohibited foreign entity (PFE) restrictions*
- Applicable Critical Minerals:
 - **Applicable critical minerals:** 10% production costs
 - **2031:** 75%; **2032:** 50%; **2033:** 25% [*credit terminates for critical minerals at end of 2033*]
 - *New PFE restrictions*

48E Clean Electricity ITC

- Energy storage technology: (*Different from wind and solar!*)
 - **2034:** 75%; **2035:** 50% [*credit terminates at end of 2035*]
 - *New PFE restrictions*

45X Advanced Manufacturing PTC

- No prohibited foreign entities (PFE) can claim credit in taxable years after enactment
- Increasing "Material Assistance from a PFE" threshold percentages over time
- Integrated components ("stacking") allowed if secondary component is 65% domestic content
- *Battery Components*
 - **Phaseout: 2030: 75%; 2031: 50%; 2032: 25%** *[credit terminates at end of 2032]*
 - **MACR: 2026: 60%, 2027: 65%, 2028: 70%, 2029: 80%, 2030-2032: 85%**
- *Applicable Critical Minerals*
 - **Phaseout: 2031: 75%; 2032: 50%; 2033: 25%** *[credit terminates for critical minerals at end of 2033]*
 - **MACR: 2025-2029: 0%, 2030: 25%, 2031: 30%, 2032: 40%, 2033: 50%**

Prohibited Foreign Entity (PFE) Definitions

Prohibited foreign entity (PFE) = Specified foreign entity (SFE) or foreign-influenced entity (FIE)

- **Specified foreign entity (SFE)**
 - On U.S. government prohibited entity lists (NDAA, etc.), or;
 - Foreign-controlled entity, which is:
 - Government, agency, person, or company HQ'd in a "country of concern," or;
 - Controlled by any of the above ^ (50%)
- **Foreign-influenced entity (FIE)**
 - SFE owns 25% (40% in aggregate), SFE can appoint officers, SFE holds 15% of debt, or;
 - In previous year, made a payment to SFE which entitles SFE "effective control"

"Effective Control"

Specific authority over key aspects of the production of eligible components (45X), energy generation (45Y/48E), or energy storage (45Y/48E), which are not included in measure of control through authority, ownership, or debt as previously described in last slide (foreign influenced entity definition).

Guidance to be issued on this definition above ^

Prior to guidance, this means:

- Determine production quantity & timing of eligible components (45X)
- Determine amount/timing of production/storage at qualified facilities or energy storage technology (45Y/48E)
- Determine who can purchase / use the eligible component (45X)
- Determine who can purchase / use the output from qualified facility (45Y/48E)
- Restrict access to data critical to production at qualified facilities (45Y/48E)
- Restricts access to site(s) related to qualified facilities or energy storage technology (45Y/48E)
- Restricts access to their own personnel / agents (45X and 45Y/48E)
- Exclusively operates, maintains, or repairs anything production-related (45X and 45Y/48E)

"Effective Control" cont.

Licensing & other agreements are **prohibited**:

If the counterparty can:

- Specify or direct purchase of one or more direct sources of components, subcomponents, or applicable critical minerals to be included in the qualified facility, energy storage technology, or eligible component (45Y/48E and 45X)
- Direct the operation of ^ (45Y/48E & 45X)
- Limit the entity's ability to license IP for production from/of ^ (45Y/48E & 45X)
- Receive royalties or payments after the 10th year of the agreement period
- Direct or require the agreement last longer than 2 years

Or if the contract:

- Does not allow for licensee to have all information related to the production
- Was entered into or modified after date of enactment

Exemption: Bona fide purchase or sale of IP

Guidance to be issued on licensing deals from Treasury by December 31, 2026

Publicly-traded entities have special rules for PFE definitions

Material Assistance Cost Ratio (MACR) Calculations

In sum: The percentage of your total costs to make your product that are non-PFE

Qualified facilities and energy storage technologies (45Y/48E)

(Total direct costs to the taxpayer attributable to all manufactured products (including components) incorporated upon completion of construction) - (Costs of those products which are incorporated into the facility/technology upon completion of construction and mined, produced, or manufactured by a PFE) / (Total costs of all manufactured products incorporated upon completion of construction)

Eligible components (45X)

(Total direct materials costs that are paid or incurred (within the meaning of section 461 and regulations under section 263A) by the taxpayer for the production of such eligible component) - (Costs incurred by the taxpayer for production of such eligible component that are mined, produced, or manufactured by a PFE) / (Total direct materials costs paid or incurred for production)

Note: Safe harbor tables in place for 45Y/48E, guidance coming soon



Department of Defense Funding

Funding for the Battery Supply Chain at DOD:

- \$5 billion in the Industrial Base Fund specifically for investments in critical minerals supply chains
 - \$3.3 billion at the fund for other grants and purchase commitments
- \$2 billion for the expansion of the National Defense Stockpile of critical minerals.
- \$100 billion lending authority in the Office of Strategic Capital (OSC) Credit Program Account specifically for critical minerals + related technologies. (+\$500M for direct subsidies)
- **Other DOD:** \$14B Missiles and Munitions, \$1.95B Unmanned Aerial Systems, \$750M expeditionary energy, \$400M ManTech
- Don't forget about NASA and the US Coast Guard

Implementation

With the bill now signed into law, key offices across the administration take on a new role in implementing the tax credits, funds, and programs.

Key Offices:

- Internal Revenue Service (IRS): approves tax credit claims, including those for energy credits phasing out soon
- Office of Tax Policy at the Treasury Department: central hub for guidance and implementation of amended credits
- Office of Management & Budget: supports initial implementation, provides guidance, waivers, etc.
- Department of Energy (DOE): it remains unclear what role DOE will have in informing guidance and implementation of energy and supply chain credits, but expect coordination across the agencies



Accessing Credits & Funds

Up Next

- Funds hit agencies on Oct. 1, the start of the fiscal year
- Guidance will be desired by early 2026 at the latest to inform tax filings in April

Tax Credits

- Tax credits will largely be claimed with the IRS
- Congress sought to reduce guidance burden on agencies in OBBBA
- Guidance still needed on issues such as "commence construction"

Grants & Loans

- DOD expected to use existing white papers and new calls for projects
- Expect LPO and other offices that received funds to provide more clarity on timing and applications in the coming months

Trump's Influence

- Directing agencies to develop a common application for energy and critical mineral projects
- Executive Order directing Treasury to restrict use of safe harbors and limit what wind and solar projects count as having commenced construction



Implementation cont.

Tax Credit Questions Remain:

- How far into the supply chain will companies have to go to calculate material assistance cost ratio (MACR)?
- Will Treasury increase the MACR thresholds for applicable critical minerals in 45X?
- What will the Safe Harbor tables look like for 45X? Will the tables for 45Y & 48E be amended?
- Will Treasury amend the definition of "commence construction?"
- How will Treasury verify PFEs, ownership, licensing agreements, etc.?



What's Next?

Congress

- Surface Transportation Reauthorization
- EXIM Reauthorization
- USMCA influence
- 2026 NDAA process underway
- Questions remain about appropriations or additional reconciliation bills

Administration

- OBBBA implementation
- Tariffs and trade deals
- More Executive Orders
- Implementation of existing EOs - including coordination between DOD, EXIM, DFC on critical mineral projects

And the big question: Does permitting reform happen?



Thank you!

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