



August 25, 2023

Submitted via Reginfo.gov

U.S. Department of the Treasury
Internal Revenue Service
1200 Pennsylvania Avenue, NW
Washington, DC 20044

RE: "Agency Information Collection Activities; Submission for OMB Review; Comment Request; Multiple Internal Revenue Service (IRS) Information Collection Requests," 88 Fed. Reg. 48,289 (July 26, 2023); Form 7207, OMB Control Number: 1545-2306

The Solar Energy Industries Association ("SEIA") is the national trade association of the U.S. solar energy industry. Our members promote the environmentally responsible development of distributed and utility-scale solar energy and storage. We are committed to working with federal agencies, environmental and conservation organizations, Tribal governments, state agencies, and other stakeholders to achieve this goal. On behalf of our member companies, SEIA appreciates the opportunity to provide these comments on the Internal Revenue Service's ("IRS") draft Form 7207 bearing Office of Management and Budget ("OMB") control number 1545-2306.

I. Introduction

SEIA is committed to building a strong solar industry to speed the country's energy transition and address the climate crisis. As the national trade association for the U.S. solar energy industry, which employs more than 260,000 Americans, we represent over 1,000 organizations that manufacture, install, and support the development of solar energy. We firmly believe that the clean energy transition must be based on principles of equity and opportunity. These values are infused throughout our organization and ones we are actively working to advance within our industry.

The solar industry is deeply committed to helping our nation meet the renewable energy targets set forth by President Biden in a just and equitable manner. In order to modernize the grid and address the climate crisis, solar energy must account for at least 30% of U.S. generation by the end of this decade and 40-50% by 2035. That means roughly quadrupling our current pace of installations by 2030. We are in a race against time, and the Inflation

Reduction Act (“IRA”) can supercharge the nation’s capacity to combat climate change in the very communities suffering the most from it.

Given the significant role in power sector decarbonization that solar energy will have, we believe that every tool in the toolbox—including the IRA—should be used to spur its development. Promoting clean energy investment activities that will abate the greenhouse gas emissions that cause climate change represents a rare opportunity to simultaneously advance three top Administration priorities: advancing environmental justice, combatting the climate crisis, and creating jobs.

Achieving the Administration’s clean energy goals will require a strong U.S. solar manufacturing base, which is also critical to preserving economic and national security. The Energy Security Tax Credits for Manufacturing under sections 48C and 45X are critical steps forward to promote investments in new manufacturing facilities and equipment and ongoing domestic production support as new facilities come online and scale operations. Properly implemented, these policies can enable to domestic manufacturers to offer in-demand products, sell at a competitive price and deliver consistently high-quality goods in sufficient quantities on time, which will lead to a renaissance in American solar and storage manufacturing.¹

II. Form 7207: In General

A. Interaction Between Sections 48C and 45X

SEIA recommends Treasury and IRS update Form 7207 to delete the third introductory question at the beginning of Form 7207 because it is unclear what information is being requested. The question reads:

“Check to indicate whether eligible components include property produced at a facility taken into account for which a credit under section 48C is being claimed.”

SEIA further recommends that Treasury and IRS provide a clarification in the Form 7207 instructions clarifying the interaction of sections 48C and 45X. In particular, SEIA recommends Treasury restate and expand on the additional guidance Treasury and IRS provided on May 31, 2023 in IRS Notice 2023-44, section 3:

“.03 Interaction between Sections 48C and 45X. For purposes of evaluating the interaction between §§ 48C and 45X, the eligible component is defined

¹ SEIA has published a roadmap to achieving 50 GW of domestic manufacturing capacity by 2030, “[Catalyzing American Solar Manufacturing](https://www.seia.org/advocacy/roadmap-achieving-50-gw-domestic-manufacturing-capacity-2030).”

as provided in § 45X(c)(1). A § 45X Facility cannot produce an eligible component for purposes of the § 45X credit if such facility includes eligible property that has been taken into account for purposes of the credit allowed under § 48C after August 16, 2022.”

B. Timing of Elective Payment for 45X

For some qualifying entities, section 45X tax credit proceeds will constitute a large portion of the entity’s operating revenue, making it untenable for the entity to wait until the IRS processes the entity’s annual tax return to receive the section 45X tax credit proceeds. The regulations proposed by Treasury and IRS for elective payment provide that the IRS will issue cash refunds after the corresponding tax return has been processed and once all requirements delineated in the pre-registration process have been met.² SEIA is concerned that this approach will erase the administrative head start that Treasury seeks to encourage through the pre-filing registration system because the proposed regulations would withhold payment until the overarching tax return has been processed.

SEIA respectfully urges Treasury and IRS to adopt a more immediate process, such as one that allows for third-party attestations, or Treasury and IRS verification of initial pre-filing information, to support the distribution of cash refunds in the near term. For example, elective payment amounts could be based on estimated tax liability with a true-up mechanism upon the filing of a return tax return filing. More fundamentally, it should be permissible for a taxpayer election to be made earlier than the tax return filing; for example, when pre-filing registration is complete. Providing for greater efficiency and certainty in the elective payment refund process will increase participation and reduce the added expense and delay of securing bridge financing for entities that may need it (i.e., the entities intended to benefit most directly from elective payment).

III. Form 7207: Torque Tube and Structural Fastener Components

SEIA recommends Treasury and IRS include in the Form 7207 instructions a clarification that a clamp is a structural fastener that qualifies as an eligible component under section 45X(c)(1).

Solar trackers are an “eligible component” and are defined under section 45X(c)(3)(B)(vi) as a “mechanical system that moves solar modules according to the position of the sun and to increase energy output.” Section 45X(c)(3)(B)(vii) further defines solar tracker

² Proposed 26 C.F.R. § 1.6417–2(d).

components to include both torque tubes and structural fasteners. A solar tracker includes several fasteners, but the key fastener is the clamp which secures the torque tube to the solar module. The clamp is a structural fastener that ensures the resilience and reliability of the system. Clamps are engineered to ensure the solar module is not damaged under high wind and other extreme weather events. For these reasons a clamp is a structural fastener that is an eligible component under section 45X(c)(1). To assist taxpayers completing Form 7207, the accompanying instructions should include this clarification.

IV. Form 7207: Inverter Components

SEIA recommends Treasury and IRS include in the Form 7207 instructions a clarification that microinverters include functionally equivalent inverter systems such as direct current (“DC”) optimized inverter systems.

There are two definitions relevant to this clarification. First, section 45X(c)(2)(A) defines “inverter” as “an end product which is suitable to convert direct current electricity from 1 or more solar modules or certified distributed wind energy systems into alternating current electricity.” Second, section 45X(c)(2)(E) defines “microinverter” to mean “an inverter which (i) is suitable to connect to one solar module, (ii) has a rated output of- (I) 120 or 240 volt single phase power, or (II) 208 or 480 volt three-phase power, and (iii) has a capacity which is not greater than 650 watts (expressed on a per alternating current watt basis).”

A DC optimized inverter functions as part of a DC optimized inverter system that is comprised of both a DC optimized inverter and DC power optimizers. The inverter for this system is designed to function only if and when DC power optimizers are connected to each installed solar module at a ratio of one DC power optimizer per solar module, and each DC power optimizer has a capacity which is not greater than 650 watts expressed on a per AC watt basis (or the equivalent thereof on a DC watt basis).

The IRA was designed to incentivize domestic production of a broad swath of critical components and subcomponents for renewable energy projects. Treasury and IRS should not narrowly construe section 45X to disqualify or disadvantage proven technologies from accessing the section 45X credits. For the reasons provided above, Treasury and IRS should clarify that certain optimized inverter systems are considered end products qualifying for the microinverter incentive. To assist taxpayers completing Form 7207, the accompanying instructions should include this clarification.

V. Conclusion

SEIA appreciates the Department of the Treasury's efforts to implement the IRA. Time is of the essence to fight the climate crisis, and we are encouraged by your quick efforts to clarify the IRA's clean energy rules of the road. We look forward to continuing to work with you on implementation.

Thank you for the opportunity to provide comments. If you have any questions, please contact Amir Yazdi at (202) 469-3740 or ayazdi@seia.org.

Sincerely,

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