



22 April 2024

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**Committee on Subsidies and
Countervailing Measures**

Original: English

SUBSIDIES

**REPLIES TO QUESTIONS POSED BY THE UNITED KINGDOM¹ REGARDING
THE NEW AND FULL NOTIFICATION OF THE UNITED STATES²**

The following communication, dated and received on 22 April 2024, is being circulated at the request of the delegation of the United States.

The United States respectfully provides the following responses to the United Kingdom:

Clean Vehicle Credit

Question 1

1. Could the United States please provide information on the total the number of recipients of the clean vehicle credit during the reporting period?

Reply:

We only have final figures on sales of clean vehicles purchased for personal use for tax year 2021. That year, approximately 190 thousand individual taxpayers earned a tax credit for the purchase of a qualifying vehicle purchased for individual use. Data for business use have not been finalized.

The data is based on a stratified probability sample in which the population of tax returns is classified into subpopulations, called strata, and an independent sample is selected from each stratum.

Alternative fuel refuelling property credit

Question 2

The notification states that the revenue loss was \$450 million in fiscal year 2021 and \$1,082 million in fiscal year 2022 'for both the clean vehicle credit and the alternative fuel refuelling property credit'.

2. Could the United States please clarify what the proportion of revenue loss for FY 2021 and FY 2022 was attributed to:

- (a) The alternative fuel refuelling property credit?**
- (b) The clean vehicle credit?**

¹ [G/SCM/Q/USA/92](#).

² [G/SCM/N/401/USA](#).

Reply:

All tax figures cited in the U.S. notification are from tax expenditure estimates prepared annually and included in the Budget of the U.S. government. The tax expenditure estimates are also published on the [Treasury Department's website](#). Tax expenditure estimates are often produced before final tax data is available and the estimates account for firms having enough tax liability to use the credits each year.

In tax year 2021, individual taxpayers earned approximately \$1.1 billion dollars in tax credits for the purchase of qualifying vehicles purchased for individual use. Data for businesses, which would include the alternative refuelling property credit, have not been finalized.

Based on historical data, the clean vehicle credit received the largest share of the combined figures. In tax year 2020, total tax credits earned for the alternative fuel refuelling credit equalled \$60 million. The clean vehicle credits earned by individuals and businesses equalled approximately \$670 million. Data for individuals receiving certain clean vehicle credits for business use have been excluded from the data due to disclosure rules.

Both the business and individual data are based on a stratified probability sample in which the population of tax returns is classified into subpopulations, called strata, and a sample is selected from each stratum.

Department of Energy Programs to be Amended or Implemented under the Inflation Reduction Act**Question 3**

3. Could the United States please provide information on the total number of recipients of support across the listed programs during FY 2022?

Reply:

The Inflation Reduction Act passed on August 16, 2022. The period of the notification goes through September 30, 2022. We notified these programs in the interest of transparency but we are unaware of any program funding that was awarded in the six weeks following passage of the legislation.

Question 4

4. Could the United States please provide additional information on the policy objective, form, eligibility criteria and duration of the subsidy for the following listed programs:

(a) Domestic Manufacturing Conversion Grants?Reply:

The objective of these grants is to support a just transition for workers and communities in the transition to electrified transportation, with particular attention to communities supporting facilities with longer histories in automotive manufacturing. Preference will also be given to projects that commit to pay high wages for production workers and maintain collective bargaining agreements. Form and eligibility criteria are all detailed in the funding opportunity announcement document, posted on the DOE Clean Energy Infrastructure Funding Opportunity Exchange website. As part of the Inflation Reduction Act, the resulting projects represent cost shared agreements that generally have a duration of 3-5 years.

Relevant Links: [Domestic Manufacturing Conversion Grants | Department of Energy](#)

(b) Advanced Industrial Facilities Deployment Program?Reply:

The Industrial Demonstrations Program will accelerate decarbonization projects in energy-intensive industries. The funds under this program must be obligated by September 30, 2026. DOE [announced](#)

33 projects selected for negotiations on March 27, 2024. [Industrial Demonstrations Program | Department of Energy](#)

Advanced Manufacturing Investment Credit

Question 5

5. Could the United States please provide further information on the eligibility criteria for the scheme, including whether foreign manufacturers operating in the United States can apply for tax concessions under the scheme?

Reply:

On March 23, 2023, the Treasury Department and the IRS published in the Federal Register ([88 FR 17451](#)) a notice of proposed rulemaking (REG-120653-22), which contains proposed regulations to implement the general provisions relating to the section 48D credit (March 2023 proposed regulations). The March 2023 proposed regulations included proposed definitions of various statutory terms, including "eligible taxpayer," "qualified property," "advanced manufacturing facility," and "semiconductor." The March 2023 proposed regulations also proposed rules under section 48D regarding the beginning of construction requirement; proposed rules requiring pre-filing registration with the IRS in advance of filing an elective payment election; and proposed rules implementing the "applicable transaction" credit recapture rules under section 50(a)(3) of the Code. In addition, the March 2023 proposed regulations requested comments on potential issues with respect to the elective payment election provisions under section 48D(d) that may require guidance.

Taxpayers who make qualified investments in a facility of an eligible taxpayer that is located in the United States may qualify for the section 48D credit. An eligible taxpayer is a taxpayer that (1) is not a foreign entity of concern and (2) has not engaged in applicable transaction (a significant transaction that materially expands semiconductor manufacturing capacity in the People's Republic of China or a foreign country of concern).

Final rules have been published ([89 FR 17596](#)) that describe rules for the elective payment election, including special rules applicable to partnerships and S corporations, repayment of excessive payments, basis reduction and recapture, and the IRS pre-filing registration process that taxpayers wanting to make the elective payment election are required to follow.

Question 6

6. The notification states that the total amount provided over the reporting period was \$0. Could the United States please clarify what the annual budget allocation will be for this scheme?

Reply:

These tax credits are not subject to an annual budget allocation. Qualifying taxpayers may who make qualifying investments may claim the tax credit.

Renewable Energy Resources

Question 7

7. Could the United States please provide further information on the "competitive financial assistance opportunities" in which awards are provided under the scheme?

Reply:

Additional information on financial assistant opportunities is available online at [EERE eXCHANGE: Funding Opportunity \(energy.gov\)](#)

Question 8

8. Could the United States please provide information on the number of awards provided for both FY 2021 and FY 2022, across wind energy, solar energy, geothermal technologies and water power?

Reply:

Geothermal technologies

- FY21:
 - Hydraulic Properties FOA: 7 awards
 - Wells of Opportunity FOA: 5 awards
 - Geothermal Lithium Extraction Prize (semi-finalists): 15 awards
- FY22:
 - Geothermal Hybrids Lab Call: 3 awards
 - GEODE FOA: 1 award
 - Geothermal Drilling Tech Demonstration Campaigns FOA: 2 awards
 - FedGeo Partnerships Lab Call: 1 award
 - Community Geo Heating and Cooling FOA: 11 awards

Wind Technologies

- FY21:
 - Advanced Next-Generation, High-Efficiency, Lightweight Turbine Generator FOA: 1 award
 - Offshore Wind Energy Atmospheric Science and Project Development FOA: 3 awards
- FY22:
 - Floating Offshore Wind ReadINess (FLOWIN) Prize: 9 awards
 - BIL Wind Turbine Materials Recycling Prize: 20 awards
 - Small Business Innovative Research (SBIR) Phase III: 3 awards
 - Offshore Wind Energy Environmental Research and Instrument Validation FOA: 5 awards

The United States does not have a breakdown for water programs but there were no solar awards in FY21 or FY22

Department of Energy Programs to be Amended or Implemented under the Infrastructure Investment and Jobs Act

Question 9

9. Could the United States please provide additional information on the policy objective, form, eligibility criteria and duration of the subsidy for the following listed programs:

(a) Battery Manufacturing and Recycling Grants?

Reply:

The objective of these grants is to create new, retrofitted, and expanded domestic facilities for battery-grade processed critical minerals, battery precursor materials, battery components, and cell and pack manufacturing, all of which are critical to supporting clean energy industries of the future, such as renewable energy and electric vehicles. Form and eligibility criteria are all detailed in the funding opportunity announcement document, posted on the DOE Clean Energy Infrastructure Funding Opportunity Exchange website. As part of the Bipartisan Infrastructure Law, the resulting projects represent cost shared agreements that generally have a duration of 3-5 years.

Relevant Links: [Battery Materials Processing Grants | Department of Energy](#)
[Battery Manufacturing and Recycling Grants | Department of Energy](#)
<https://infrastructure-exchange.energy.gov/FileContent.aspx?FileID=fca77482-7f81-453d-9c5d-b366adf2b031>

**(b) Clean Hydrogen Manufacturing Recycling Research, Development?
Demonstration Program?**

Reply:

The Clean Hydrogen Manufacturing Recycling Program is designed to provide federal financial assistance to advance new clean hydrogen production, processing, delivery, storage, and use equipment manufacturing technologies and techniques. The program was designed to provide funds for initiatives that could increase the efficiency and cost-effectiveness of the recovery of raw materials from clean hydrogen technology components and systems, minimize environmental impacts from the recovery and disposal processes; address any barriers to disassembly and recycling; develop alternative materials, designs, manufacturing processes, and other aspects of clean hydrogen technologies; develop alternative disassembly and resource recovery processes that enable efficient, cost-effective, and environmentally responsible disassembly of, and resource recovery from, clean hydrogen technologies; and develop strategies to increase consumer acceptance of, and participation in, the recycling of fuel cells.

The selected projects were announced on March 13, 2024: [Biden-Harris Administration Announces \\$750 Million to Support America's Growing Hydrogen Industry as Part of Investing in America Agenda | Department of Energy](#) and, [Funding Selections for Clean Hydrogen Electrolysis, Manufacturing, and Recycling Activities under the Bipartisan Infrastructure Law | Department of Energy](#)

(c) Wind Energy Technology Program?

Reply:

Provision 41007(b)(1) of the Infrastructure Investment and Jobs Act (IIJA) appropriated funding for Wind Energy Technologies Office (WETO) activities as authorized in the Energy Act of 2020. This one-time appropriation supplemented and expanded upon critical program activities to drive wind energy scientific understanding and technology innovations for cost reduction and performance improvement, and address market barriers, including siting challenges and impacts of wind energy on the environment and communities, to accelerate wind energy deployment. Provision 41007(b)(2) of the IIJA likewise appropriated funding for WETO activities authorized in the Energy Act of 2020 but through the implementation of a new program to enable and accelerate cost-effective wind energy industry efforts to create whole wind plant recycling technology solutions and pathways.

41007(b)(1) Funding Opportunity Announcement

[WETO Releases \\$28 Million Funding Opportunity to Address Key Deployment Challenges for Offshore, Land-Based, and Distributed Wind | Department of Energy](#)

41007(b)(2) Recycling Prize

[Department of Energy Launches Prize to Jumpstart Wind Turbine Materials Recycling Industry | Department of Energy](#)

(d) Advanced Solar Energy Manufacturing Initiative?

Reply:

On July 6, 2023, the U.S. Department of Energy (DOE) Solar Energy Technologies Office (SETO) announced the Bipartisan Infrastructure Law Silicon Solar Manufacturing and Dual-use Photovoltaics Incubator funding opportunity, which will award \$18 million allocated under the Infrastructure Investment and Jobs Act for projects to enable continued solar cost reductions while developing next-generation solar technologies and boosting American solar manufacturing.

[Funding Notice: Bipartisan Infrastructure Law Silicon Solar Manufacturing and Dual-use Photovoltaics Incubator | Department of Energy](#)

(e) Carbon Capture Technology Program, Front-End Engineering and Design?Reply:

On September 23, 2022, DOE announced up to \$189 million in funding for integrated Front-End Engineering Design (FEED) studies to support the development of community-informed integrated carbon capture, transport, and storage projects. This funding is part of OCED's Carbon Capture Demonstration Projects Program, which seeks to address the urgent need to advance carbon management technologies. The goal of the Carbon Capture Demonstration Projects Program is to accelerate the implementation of integrated carbon capture and storage technologies and catalyze significant follow-on investments from the private sector to mitigate carbon emissions sources in industries across America.

[Carbon Capture Demonstration Projects Program Front-End Engineering Design \(FEED\) Studies Selections for Award Negotiations | Department of Energy](#)

(f) Advanced Energy Manufacturing and Recycling Grant Program?Reply:

The Advanced Energy Manufacturing and Recycling Grant Program is designed to provide grants to small- and medium-sized manufacturers to enable them to build new or retrofit existing manufacturing and industrial facilities in communities where coal mines or coal power plants have closed. These facilities will produce or recycle advanced energy products or contribute to emissions reductions within the manufacturing sector. Firms in an eligible census tract must meet the following criteria: the gross annual sales of which are less than \$100,000,000; that has fewer than 500 employees at the plant site of the manufacturing firm; and the annual energy bills of which total more than \$100,000 but less than \$2,500,000. The anticipated period of performance is 36 months from the date of award.

Relevant Links: [Advanced Energy Manufacturing and Recycling Grants | Department of Energy](#)

(g) Advanced Reactor Demonstration Program?Reply:

The Advanced Reactor Demonstration Program (ARDP) demonstration projects will speed up the demonstration of advanced reactors through cost-shared partnerships with U.S. industry. These innovative nuclear technologies are ideally sized and designed to provide flexible electricity output and as process heat for a wide range of industrial heat applications. After receiving an additional \$2.5 billion, funded by the Bipartisan Infrastructure Law, the Advanced Reactor Demonstration Projects will support design, licensing, construction, and operation of two advanced reactor technologies, the TerraPower Sodium and the X-energy Xe-100 reactors, in the 2030-timeframe. This funding builds on the initial \$160 million from DOE's Office of Nuclear Energy, awarded in 2020.

Relevant Links: [Advanced Reactor Demonstration Projects | Department of Energy](#)
