



November 4, 2022

Submitted via Regulations.gov

Internal Revenue Service
CC:PA:LPD:PR (Notice 2022-50)
Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

RE: Request for Comments on Elective Payment of Applicable Credits and Transfer of Certain Credits, Notice 2022-50, October 5, 2022

Company Overview

Enphase Energy, Inc. (Enphase) is a global energy technology company and the world's leading supplier of microinverter-based solar-plus-storage systems. Enphase was founded in 2009 and is headquartered in Fremont, California. Enphase delivers smart, easy-to-use solutions that connect solar generation, storage, and energy management on one intelligent platform. Its semiconductor-based microinverter system converts energy at the individual solar module level and brings a system-based high-technology approach to solar energy generation, storage, control, and management. Since inception, Enphase has shipped more than 52 million microinverters, and over 2.7 million Enphase-based systems have been deployed in more than 145 countries.

Enphase Energy's 2023 US Manufacturing Plans

On October 25, 2022, Enphase announced publicly it is working with three contract manufacturing partners to establish domestic manufacturing in the United States. Similar to other Silicon Valley technology companies, Enphase has developed a technology platform and installer network to service a global customer base, and relies on contract manufacturing partners around the world to rapidly expand manufacturing capacity to meet the growing demand. As a result, Enphase has made investments in equipment and full-time employees at our contract manufacturing partner facilities.

Given these investments, the highest priority items for Enphase are Treasury clarification on:

- 1) The definition of domestic manufacturing for eligibility under Section 45X of the Internal Revenue Code (IRC) as it relates to the Advanced Manufacturing Production Tax Credit (AMPTC),
- 2) AMPTC credit eligibility when partnering with contract manufacturers, and
- 3) Direct pay eligibility under Section 45X of the IRC

Therefore, Enphase requests expediency in providing clarification on issues germane to our domestic manufacturing expansion plans by the end of December 2022 in order to move forward with purchasing and hiring decisions.

Section 45X and Direct Pay Elections

Question 1 in Section 3.01 asks in relevant part, "[w]hat, if any, guidance is needed to clarify the meaning of certain terms in [IRC Section] 6417." Enphase requests that any regulations issued for section 6417 reiterate that manufacturers eligible to claim the AMPTC under 45X of the IRC are able to utilize the direct pay election.



Section 13801 of the Inflation Reduction Act (IRA) created section 6417 of the IRC. Under 6417(d)(1)(D), which relates to those seeking to claim the AMPTC, “such taxpayer shall be treated as an applicable entity for purposes of this section for such taxable year.” It is important to note that in the case of Enphase, the AMPTC is allowable because we produce an “eligible component.” Under IRA section 13502, an eligible component for the AMPTC includes “any inverter described in subparagraphs (B) through (G) of paragraph (2)” of the newly created IRC section 45X. Microinverters are listed under IRC 45X(c)(2)(E).

Therefore, Enphase requests that guidance be provided that specifies that a manufacturer of an “eligible component” under 45X is considered the “taxpayer” for purposes of electing direct payment of the credit.

Enphase appreciates the Department of the Treasury’s efforts to seek stakeholder input as they implement the IRA. The establishment of a domestic manufacturing presence for microinverters will support job creation, mitigate against technology transfer and cybersecurity risk, and enable the United States to build a strong U.S. clean technology base with a leading U.S. technology company. Thank you for the opportunity to provide these responses and Enphase looks forward to continuing to work with you on implementation of this and other key provisions of the IRA. If you have any questions, please contact Jason Simon, Head of Policy, Enphase Energy, at (415) 583-6043 or jsimon@enphaseenergy.com.

Sincerely,

A handwritten signature in blue ink, appearing to be "LH", is written over a light blue circular background.

Lisan Hung
Vice President, General Counsel and Corporate Secretary