



# What The FEOC?

2026 ITC Survival Guide for Commercial Installers and EPCs

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## FEOC AVOIDANCE TIMELINE

5 MONTHS TO SECURE YOUR PROJECT TAX STATUS

## New Compliance Requirements for Projects

**WHAT IS THE CHANGE?:** Starting January 1, 2026, the majority of renewable energy equipment will disqualify projects for Investment Tax Credits. The OBBB Foreign Entity of Concern (FEOC) rules establish material requirements which current supply chains simply cannot meet for some solar projects and many battery projects, due to the supply chain mostly owned by Specified Foreign Entities within their countries as well as abroad.

## Post-OBBB Market Reality Assessment

**SUPPLY CHAIN ANALYSIS:** Products labeled "Made in USA" still face compliance failure as part of the OBBB, since all manufactured project components must also be produced domestically to count the production value fully toward non-PFE content requirement.

### Market Statistics:

~80%+

of current supply chain is PFE associated

60% or less

PFE content threshold for solar/wind projects in 2026

45% or less

PFE content threshold for battery projects in 2026

0%

Production adder if any material within an applicable project component is PFE

# The Triple Threat for Renewable Projects:

## 1. All-or-Nothing Production Credits

According to Section 8.03(6) of [IRS Notice 2025-08](#), released on January 16th of this year:

"Production refers to the production cost of the relevant Manufactured Product and can be included in the total Domestic Cost Percentage **only if all the Manufactured Product Components of a Manufactured Product are domestically produced.**"

**Result:** If you assemble in the US but use ANY foreign components, you lose the entire "Production" percentage (2.9% to 4.3% in the example of a BESS or PCS) for domestic production.

While left undefined, it is very reasonable to assume PFE rules will be similar to domestic content rules. Therefore production in non-PFE entities (e.g. China) may not count towards non-PFE content, unless all materials within that production process are sourced from non-PFE materials, although this is yet to be clarified.

### TERMINOLOGY EXPLAINED

**PFE** = Prohibited Foreign Entity ([see this list](#))

**FEOC** = Foreign Entity of Concern (China, Russia, Iran, and North Korea)

**ITC** = Investment Tax Credit

**PTC** = Production Tax Credit

**Next:** Domestic Content Threshold Requirements ↓



## 2. Domestic Content Threshold Requirements

Starting in 2026 projects must meet minimum non-PFE content percentages:

- **60%or less** PFE for solar and wind projects
- **45%or less** PFE for battery energy storage projects

**Problem:** US assembly alone may not generate enough domestic content points if most components are foreign. Safe Harbor tables are used for project financing when the total supply chain of the entire project is not auditable (disqualifying direct cost counting method). Battery energy storage systems (BESS) are especially difficult to qualify for the ITC as shown by Table 1 below.

Table 1 – Breakdown of Current IRS Safe Harbor Rules

<b>BESS PFE Safe Harbor Table 2025 for Non-PFE Content Qualification</b>			
<b>Applicable Project Component</b>	<b>Manufactured Project Component</b>	<b>Over 1MWh</b>	<b>Under 1MWh</b>
<b>Battery Pack/Module</b>	<b><i>Battery Pack/Module Subtotal:</i></b>	<b>65.6</b>	<b>43.2</b>
	Cells	52.0	26.9
	Packaging	5.6	13.4
	Production (assume 0% PFE material)	8.0	2.9
<b>Battery Container/Housing</b>	<b><i>Battery Container/Housing Subtotal:</i></b>	<b>29.8</b>	<b>46.1</b>
	Enclosure	14.8	22.8
	Battery Management System	7.4	10.1
	Thermal Management System for Battery	5.6	10.1
	Production (assume 0% PFE material)	2.0	3.1
<b>Inverter/Converter</b>	<b><i>Inverter/Converter Subtotal:</i></b>	<b>4.6</b>	<b>10.7</b>
	Printed Circuit Board Assemblies	1.4	5.4
	Thermal Management System for Inverter	0.4	-
	Electrical Parts	0.5	-
	Enclosure & Skids	0.4	1
	Production (assume 0% PFE material)	1.9	4.3
<b>Steel or Iron Reinforcing Products in Foundation:</b>		<b>-</b>	<b>-</b>
<b>TOTAL:</b>		<b>100</b>	<b>100</b>

### 3. The Impending Compliance Cliff:

#### **PFE Restrictions + Domestic Content Requirements = Market Crisis**

- ✗ PFE material is difficult to avoid across the manufactured component
- ✗ Mixed material sourcing potential eliminates production credits

#### Real World Examples:

##### **USA Assembled BESS with PFE Battery Pack, BMS, PCBAs:**

- ✓ Counts toward "US manufacturing" for marketing
- ✗ Can't count production credits towards ITC despite domestic assembly
- ✗ Cannot claim ITC >1MWH 80.9% PFE (65.6% battery + 9.4% cabinet + 3.3% inverter)
- ✗ Cannot claim ITC <1MWH 65.2% PFE (42.3% battery + 13.2% cabinet + 9.7% inverter)

##### **Mexico BESS with PFE Battery Pack and Non-PFE Inverter + Housing:**

- ✗ Does not count as "US manufacturing"
- ✗ Cannot claim ITC if over 1MWH as 65.5% is PFE (over PFE limit)
- ✓ Can claim ITC if under 1MWH as 41.2% is non-PFE (under 45% limit)
- ✗ Cannot claim ITC if under 1MWH if any inverter or battery housing component is PFE

#### Bottom Line:

Current supply chains are fundamentally incompatible with upcoming tax credit eligibility. Therefore, many solar, wind, and battery products, including "Made in USA" products will lose federal tax benefits starting in 2026.

**But there's a path forward.** Smart installers are already pivoting their supply chains and sales strategy to be competitive now while also charting a path to compliance in the years to come. The question isn't whether to adapt, it's how quickly you can execute a winning strategy before your competitors do.

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#### **Next: The Ampra Grid Strategy ↓**

# Ampra Grid Strategy: 2025 Construction Start

**CRITICAL WINDOW:** Any project beginning construction before January 1, 2026 avoids enhanced FEOC "material assistance" requirements entirely.

## Qualifying Construction Activities

### Valid construction activities include:

- Installation of production equipment or grid infrastructure (equipment controls, transformers)
- Site preparation requiring permits and professional contractors (civil works, surveying, structural engineering)
- Foundation work or permanent electrical installations
- Any work that demonstrates commitment and project progression

### COMPLIANCE ADVANTAGES TO STARTING NOW:

#### Solar Projects:

- ✓ No FEOC material assistance compliance
- ✓ No manufacturer supply chain certificates required
- ✓ No 10-year audit trail maintenance

**BONUS:** Avoids December 31, 2027 placed-in-service deadline pressure

#### BESS Projects:

- ✓ No FEOC material assistance compliance
- ✓ No supply chain verification or monitoring

**ADVANTAGE:** Never subject to placed-in-service deadlines

## Economic Impact Analysis:

**Immediate Savings:** Preserves current equipment options and pricing, typically saving 15-30% versus 2026+ compliance approaches

# Strategic Implementation:

Under IRS guidelines, physical installation of production-related equipment with documented professional commitment qualifies as construction commencement for tax credit purposes. This is a more secure method to indicate project start date than methods such as paper-only contracts or downpayments.

## Risk Mitigation Benefits:

- ✓ **Tax Compliance:** Generate installation documentation to meet IRS standards
- ✓ **Timeline Protection:** Establish PFE exemption before critical January 1, 2026 deadline
- ✓ **Operational Value:** Site energy monitoring will better inform commissioning settings

**OUR ANALYSIS:** Breaking ground with capital costs of only \$20,000-\$50,000 in 2025 to preserve future ITC eligibility will protect your 2026 project pipeline.

# The 2026 FEOC Avoidance Solution

## Joule EMS™ with OptimaEngine

Smart developers are securing exemptions through strategic construction timing. The Ampra Grid Joule Controller provides the perfect vehicle—professional equipment installation that meets IRS construction standards while delivering immediate operational returns. Why restructure your entire supply chain when you can outmaneuver the regulations entirely? There is no reason to delay the purchase and installation of a necessary system component - the BESS controller.

## Impact of Intelligent Edge Controls:

<div>30-50%</div> <div>Demand charge reduction</div>	<div>\$50k+</div> <div>Increased smart controls savings</div>
<div>24/7</div> <div>Local edge device monitoring</div>	<div>70%</div> <div>Faster commissioning time</div>

## The Value Stack of BESS Controller Services:

- **Reduce Utility Demand Charges:** Shave peak loads during expensive peak periods
- **Time-of-Use Optimization:** Shift energy usage to lowest-cost periods
- **Grid Services Revenue:** Add revenue through utility program participation
- **Real-Time Reports and Alerts:** Get system data to key team personnel
- **Zero-Touch Operation:** Automated commissioning and controls
- **Backup Power Capability:** Protect essential panels through load side connection

The Ampra Grid Joule Controller doesn't just **preserve** your tax credits - **it pays for itself** through optimizing the system's value stack and securing your project's future.

## Commercial Benefits for the Site Owner

**ROI Improvement:** Ampra Grid improves system economics compared to standard inverter controls by actively identifying set points, optimizing set points based on monthly historical data, and continuously updating system programming.

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## Project Development Strategy:

### Immediate Assessment (Next 30 Days)

Purchase an [Ampra Grid Joule Controller](#) and let us get started building your site controls. Controllers typically require a 30-60 day lead time before delivery.

### Installation Strategy (60-90 Days)

Break ground by the end of 2025 by installing a Joule Controller on site along with energy meters for building electrical service monitoring. We provide scheduled remote commissioning support and 3-years of 4G data, controls, and performance reports.

### Execution Phase (2026+)

Use Ampra Grid to confirm final design assumptions and proceed with project construction. Ampra Grid Joule controller will auto-configure the inverter/PCS for you through our scheduled remote commissioning. Then we watch the site for 3 years to make sure it is meeting your project goals, sending you alerts if we suspect a problem, like a security system for your project economics.

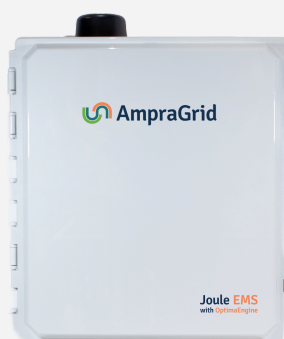


# SECURE YOUR PROJECT PORTFOLIO

## Time is the Critical Factor

Every week of delay reduces the pool of viable 2025 projects and increases the complexity of year-end execution.

## AMPRA GRID JOULE CONTROLLER



Joule is the smart EMS that solves both your regulatory compliance challenges **AND** your energy costs. Featuring monitoring and control technology that automatically optimizes your energy usage for maximum savings

**\$19,800 MSRP** | [Order Now](#)

## Ready to secure your pipeline?

Our technical team can assess your projects and recommend strategic equipment for 2025 construction commencement.

**Have a specific project in mind?** Contact our sales team for help qualifying your prospects and developing winning proposals.

- [sales@ampragrid.com](mailto:sales@ampragrid.com)
- +1 415-295-5051
- [ampragrid.com](http://ampragrid.com)

Want more insights like this? Subscribe to [our newsletter](#) for quarterly updates on commercial energy storage trends and strategies.

## RISK DISCLOSURE:

This document provides general information about rapidly changing federal tax law and compliance strategies related to Foreign Entities Of Concern (FEOC) as well as Prohibited Foreign Entities (PFEs). Tax law is complex and subject to interpretation. The strategies discussed may not be suitable for all projects or circumstances.

Current Safe Harbor and FEOC regulations involve multiple federal agencies (IRS, DOE, Treasury) with overlapping jurisdictions. Given the evolving nature of compliance requirements guidance may be subject **to change without notice**.

Due to the significant financial risk involved, all tax credit strategies should be reviewed with qualified tax professionals and legal counsel before implementation. **Ampira Grid Inc does not provide tax or legal advice**. Consult qualified tax professionals and legal counsel before making any compliance decisions.

While our equipment installations can support construction commencement strategies, we **do not guarantee** tax outcomes or provide tax advisory services. All tax compliance decisions remain the responsibility of the **project owner and their advisors**.

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**Ampira Grid**

Control. Adapt. Thrive.