WHITE PAPER

Maximizing Domestic Content Incentives with U.S.-Manufactured SolarEdge CC&I Products

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1. Domestic Content Contribution

The Elective Safe Harbor Table

Initially, the U.S. Treasury provided a method to calculate the Domestic Content contribution of equipment based on direct costs. The U.S. Treasury and IRS has since released Notice 2024-41 followed by Notice 2025-08, providing an alternative method for calculating Domestic Content contributions for PV systems.

Notice 2025-08 included the First Updated Elective Safe Harbor Table. The table lists Applicable Project Components (APCs) along with their Manufactured Product Components (MPCs) used in solar projects. The IRS Notice 2025-08 can be found at https://www.irs.gov/pub/irs-drop/n-25-08.pdf In the table, each MPC is assigned percentage points that count toward the total Domestic Content percentage (100% maximum). Add the points in your projects category for your selected components that meet Domestic Content to calculate your project's total percentage towards the Domestic Content bonus.*

For instance, under the Rooftop (MLPE) category, a SolarEdge DC-optimized inverter system can achieve 24.8%.* In the excerpt below the red boxes indicate the achievable percentage points for Inverter MPCs. The blue boxes show the percentage points available for Domestic Content rooftop racking MPCs in the same category.

APC	MPC	Rooftop (MLPE)
PV module	Cells	31.1
	Frames/Backrail	4.9
	Front Glass	4.9
	Encapsulant	3.1
	Backsheet/Backglass	3.1
	Junction Box	0.8
	Edge Seals	0.2
	Pottants	0.2
	Bus Ribbons	1.2
	Bypass Diodes	0.3
	Production	**5.8[1]**
Inverter[2]	Printed Circuit Board Assemblies (DC-DC)[3]	7.8
	Printed Circuit Board Assemblies (AC-DC)[3]	11.8
	Thermal Management System	-
	Enclosure	4.3
	Production	**0.9[1]**
	Structural Fasteners	3.5
	Rails	15.0
	Production	**1.1[1]**
Total		**100**

Figure 1: Excerpt from Solar PV Rooftop Table 1 from IRS Notice 2025-08**

(1) Consistent with Notice 2023-38, the direct cost of producing a Manufactured Product counts toward the Domestic Cost Percentage only if all its Manufactured Product Components are domestically produced.
(2) For purposes of this table, module-level power electronics inverter systems, including either microinverters or direct current (DC) optimizers, are considered an inverter product.
(3) In instances in which a U.S. Component meets the criteria of more than one listed manufactured product component, it can claim all relevant Updated Assigned Cost Percentages.

*Manufactured by SolarEdge with the intent to be eligible for inclusion under the elective safe harbor in calculating the Domestic Cost Percentage under the "Rooftop (MLPE)" category (under IRS Notice 2025-08). Eligibility is subject to the installation of qualified USA-Manufactured inverters and power optimizers in the same project. SolarEdge does not provide tax and/or legal advice. The forward-looking statements herein are accurate as of the date herein and are subject to change. You should consult with your own legal and/or tax advisor(s) regarding the eligibility of your project for the ITC or PTC, including the 10% Domestic Content bonus, to determine how the applicable rules apply to your project. For more information, please contact your local SolarEdge sales representative.
**Domestic Content Safe Harbor Notice 2025-08 https://www.irs.gov/pub/irs-drop/n-25-08.pdf

2. Paths to Achieving Domestic Content

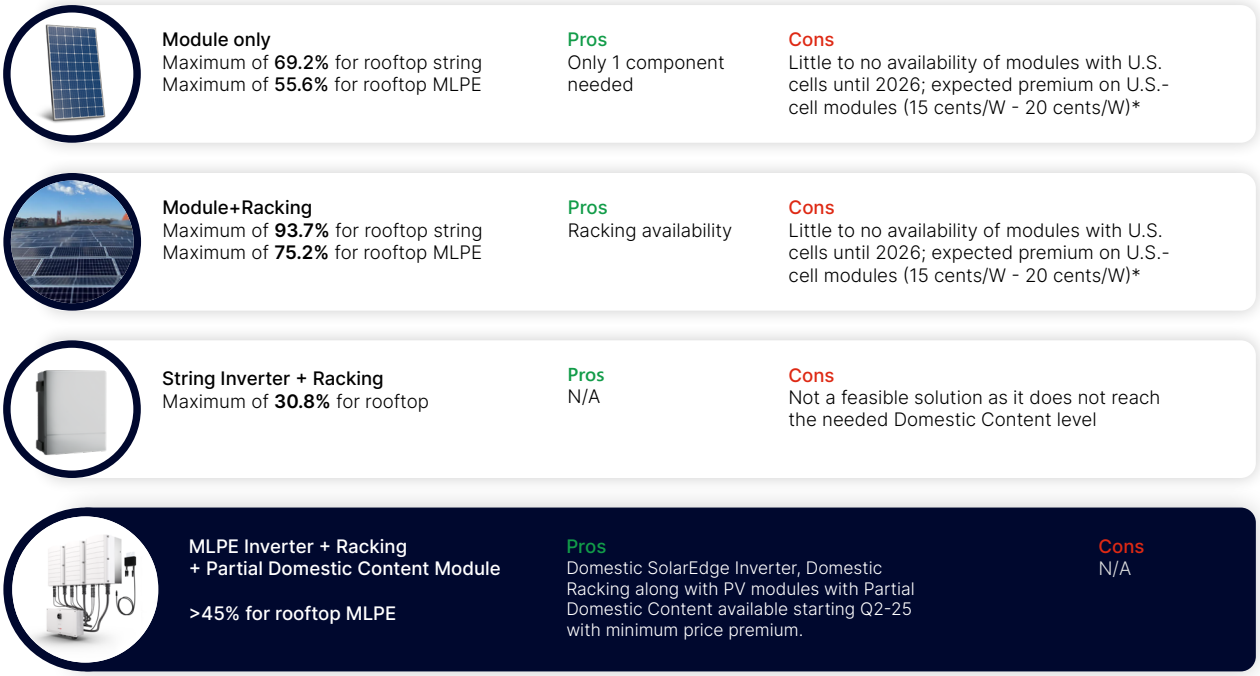

Figure 2: Pros and Cons on Available Paths to Achieving Domestic Content

Using the Elective Safe Harbor Table from IRS Notice 2025-08, project owners and developers can currently pursue several paths to qualify for the Domestic Content bonus credit, each with pros and cons depending on market conditions.

The available paths to achieving the Domestic Content Bonus Tax Credit in a rooftop PV project, assuming either 40% or 45% threshold are:

1. Modules Only:

This option can provide total contribution of up to 69.2% using string inverters or 55.6% with Inverter+MLPE, but limited availability of domestically manufactured modules with U.S. cells and an expected price premium of 15-20 cents/W make it less viable for many developers.

2. Modules with Racking:

This path allows for total contribution of up to 93.7% using string inverters or 75.2% with Inverter+MLPE but can't reach 40% with racking alone. The same issues with U.S. cells module availability may complicate this option.

3. String Inverters with Racking

You can achieve up to 30.8% total contribution using the Rooftop (String) column, not enough to harness the bonus tax credit by utilizing Domestic Content.

* Based on conversations with market players

4. Inverters + MLPE with Racking for 40% Threshold

SolarEdge C&I inverters and Power Optimizers that are manufactured domestically can offer 24.8% toward the Domestic Content requirement.* With full contributions from both the inverter and racking categories, a system can reach 44.4% Domestic Content meeting the required 40% threshold.

Add Partial Domestic Content Modules for 45%

If the goal is to achieve 45% domestic threshold, then several options currently exist to close the 0.6% gap to 45%, including (but not limited to):

- Use of a partial domestic PV module; just junction boxes (0.8%), encapsulants (3.1%), or back sheets (3.1%) are likely options.
- Use mixed-source items (MSI), a proportioned blend of Domestic Content and foreign modules to hit the necessary threshold, for example assuming a 100kWdc rooftop PV project using inverters+MLPE:

  - 2% of the total modules in a project using U.S.-manufactured cells (with a 31.1% domestic content contribution)

$$\frac{0.6\% * 100kW_{dc}}{31.1\%} \longrightarrow kW_{\substack{Domestic \\ Content\ Module}} \cong 1.93kW \text{ (2\% of project)}$$

  - 16% of the total modules in a project using junction boxes and encapsulant (with a 3.9% domestic content contribution)

$$\frac{0.6\% * 100kW_{dc}}{3.9\%} \longrightarrow kW_{\substack{Domestic \\ Content\ Module}} \cong 15.4kW \text{ (16\% of project)}$$

Note: From MSI (Mixed Source Items) formula in IRS guidance 2025-08

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3. Comparing Full Systems Costs and Value of the Bonus Credit

This section provides comparison with several scenarios to achieve the domestic content bonus credit and why it does not cost more to pursue this credit with readily available equipment. All costs that can likely be applied to the Domestic Content bonus credit (as guided by Treasury under Notice 2025-08), including but not limited to modules, racking, inverters and optimizers, engineering services, etc. were included to demonstrate the value of a SolarEdge system that contributes to the Domestic Content bonus tax credit.

The pricing assumptions are based in market reports and discussions with market players. And, the examples below also assume that all other requirements are met to achieve the base ITC credit plus the domestic content bonus credit.

Example A – 40% Domestic Content Target: SolarEdge system with fully domestic inverters, Power Optimizers, and racking vs a fully foreign system (no bonus credit).

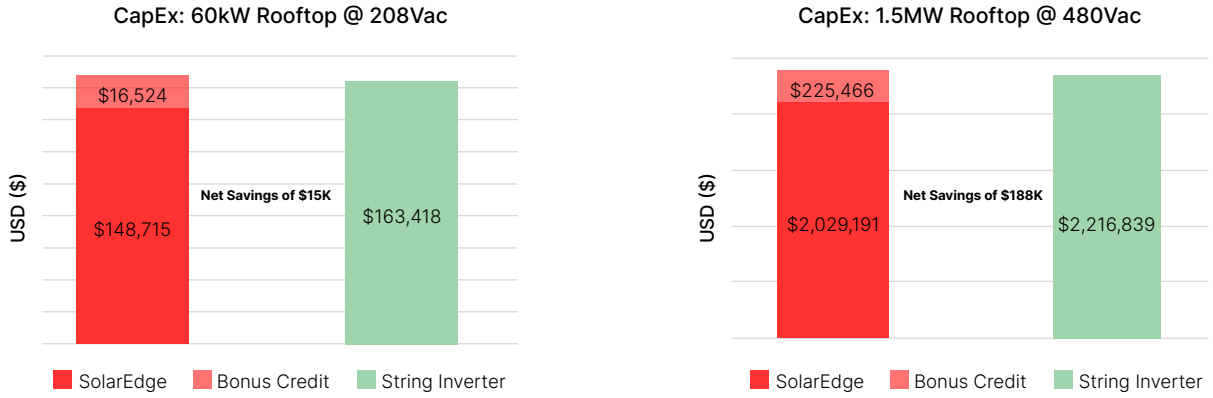

Figure 3: Savings: SolarEdge vs. Foreign Manufactured Products

Example B – 40% Domestic Content Target: SolarEdge system with fully domestic inverters, Power Optimizers, racking and partially domestic modules vs a system with fully domestic racking and modules with U.S.-manufactured cells.

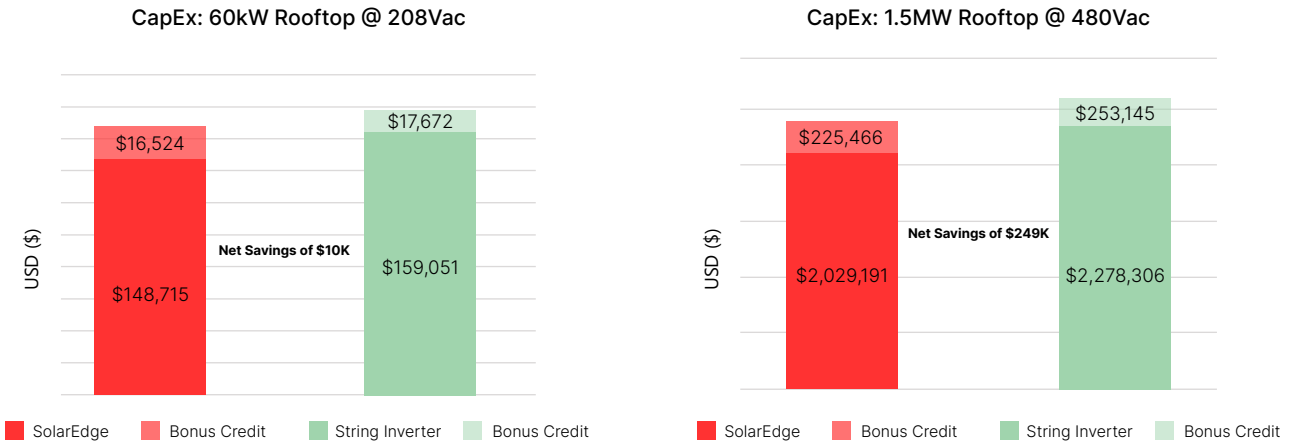

Figure 4: Savings: SolarEdge vs. Foreign Manufactured String Inverters and Modules with U.S.-Manufactured Cells

Example C – 45% Domestic Content Target: SolarEdge system with fully domestic inverters, Power Optimizers, racking and partially domestic modules (3.9%) vs a fully foreign system (no bonus credit).

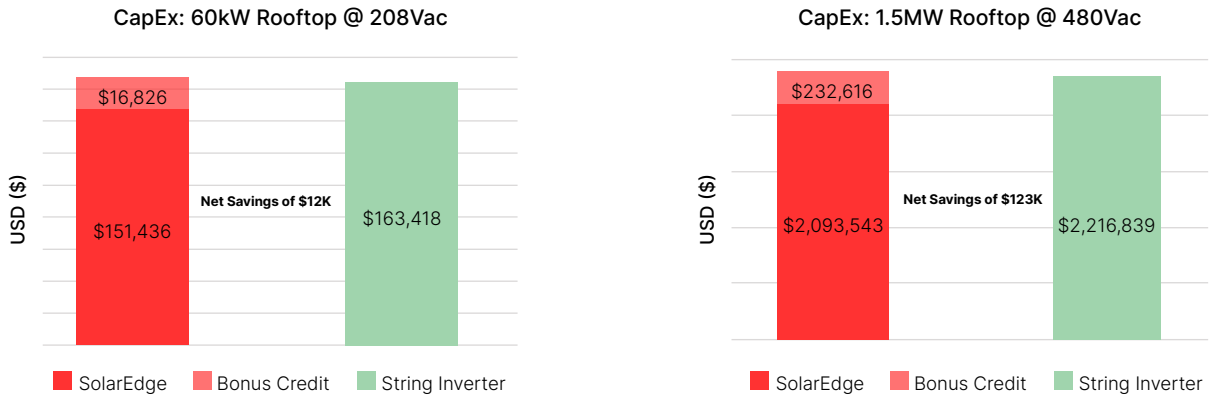

Figure 5: Savings: SolarEdge vs. Foreign-Manufactured Products

Example D – 45% Domestic Content Target: SolarEdge system with fully domestic inverters, Power Optimizers, racking and partially domestic modules (3.9%) vs a system with fully domestic racking and modules with U.S.-manufactured cells.

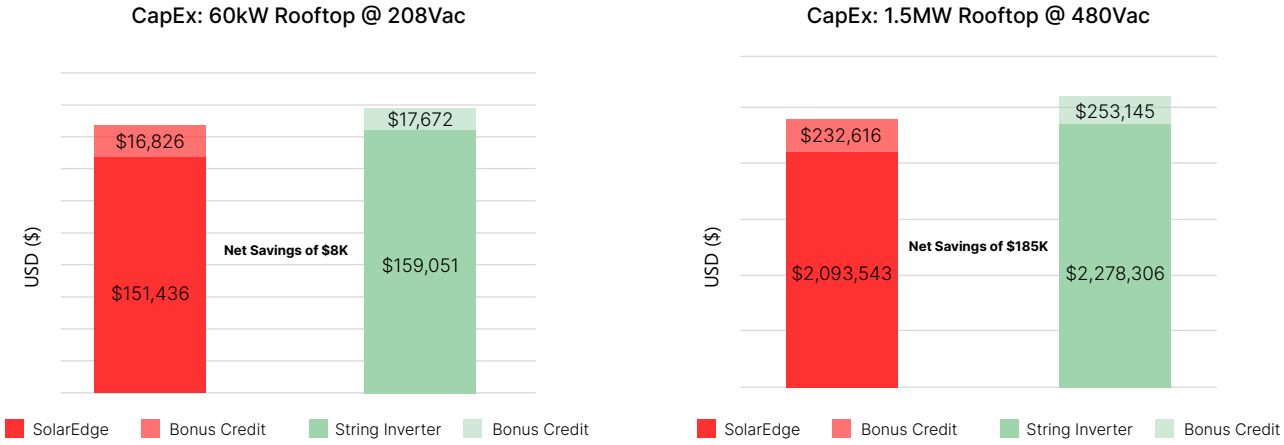

Figure 6: Savings: SolarEdge vs Foreign-Manufactured String Inverters and Modules with U.S.-Manufactured Cells

Keeping in mind our cost assumptions, the results show that the multiple paths currently available to achieve the bonus credit using Domestic Content SolarEdge equipment are more efficient and cost-effective compared to using PV modules with U.S.-manufactured cells and racking.

4. Conclusion

The IRA 10% Domestic Content bonus credit has unlocked powerful incentives for PV system owners and developers to yield a greater return on their investments in renewable energy systems. As U.S. Treasury guidance continues to clarify the requirements for achieving this bonus credit, we will update our customers.

SolarEdge inverters and Power Optimizers manufactured in our Florida facility offer multiple cost-effective methods to harness the bonus credit and maximize the value of PV systems. If you need official documentation or a certification letter from SolarEdge regarding Domestic Content levels, please reach out to your Commercial Sales Manager.

5. Technical Documentation

- Three Phase Inverters Datasheet
- Synergy Inverters Datasheet
- C651U Datasheet
- Application Note