Request for Information

Minnesota Climate Innovation Finance Authority and

Minnesota Department of Commerce

Purpose

To assist in meeting Minnesota's Clean Electricity Standard for electric utilities to provide 100% carbon-free electricity by 2040, the Minnesota Climate Innovation Finance Authority (MnCIFA) and the Minnesota Department of Commerce, Division of Energy Resources (Commerce) are issuing a Request for Information (RFI) from developers, contractors, project owners, equipment suppliers, manufacturers and other interested parties to understand the impact of the new requirements in federal law (H.R. 1) for certain clean energy projects and facilities to secure federal investment tax credits.

MnCIFA and Commerce specifically seek information related to:

1. The perceived challenges to project owners and developers of wind and solar projects to meet new Foreign Entity of Concern (FEOC) material assistance requirements which will apply to projects that begin construction on January 1, 2026, or later.
2. The potential value to project owners to begin construction by December 31, 2025, to secure a statutory federal waiver with respect to FEOC Material Assistance requirements,
3. Actions that state and local actors may take to assist project developers in beginning construction by December 31, 2025, to secure the FEOC Material Assistance waiver, and
4. Actions that state and local actors may take to assist project developers in meeting FEOC Material Assistance requirements for projects that begin construction January 1, 2026, or after.

Background

The federal Infrastructure Investment and Jobs Act of 2021 and the federal Inflation Reduction Act of 2022 together created incentives to exponentially increase public and private investments in clean, reliable, affordable energy.

The Minnesota Climate Innovation Finance Authority (MnCIFA) was created in state law in 2023 in part to leverage federal clean energy incentives. MnCIFA is a publicly accountable financing authority, also known as a "green bank," which offers innovative financing tools to support Minnesota's Climate Action Framework.

More on MnCIFA: tinyurl.com/MNGreenBank.

Also starting in 2023, the Minnesota Department of Commerce received state and federal funding to establish or expand numerous new programs and leverage federal clean energy tax incentives that would advance Minnesota's transition to clean energy, including:

- The State Competitiveness Fund to increase the success of Minnesota applicants in their pursuit of federal funds for clean energy projects;
- Grants for K-12 schools, colleges and public buildings to scale deployment of solar power for public institutions;
- Administration of a Community Solar Gardens program;
- Grants for the federal Solar for All and Home Energy Rebates programs.

More on Commerce's new energy programs: https://mn.gov/commerce/energy/consumer/energy-programs/

Federal Policy Changes

On its July 4, 2025, enactment date, H.R. 1 substantively changed the federal investment tax credits in Section 48E for solar, wind and storage energy (the ITC) and Section 45X Advanced Manufacturing Production Credit (the Manufacturing Credit).

REQUIREMENTS in 2025

Congress provided a statutory waiver of the FEOC Material Assistance ITC requirements for any solar or wind project that begins construction by December 31, 2025, through one of these two pathways, further described in IRS Notices 2013-29, 2018-59 and related clarifying guidance:

1. Performing physical work of a significant nature (the "Physical Work Test"), and
2. Expending at least 5% of the final costs of the project (the "Five Percent Safe Harbor")

For a project to qualify for ITC and be placed into service after Dec. 31, 2027, that project will need to begin construction by July 4, 2026. As described in IRS Notice 2025-42, projects over 1.5 MW AC must meet the Physical Work Test by July 4, 2026, to then have four years to be placed in service; projects 1.5 MW AC and smaller can meet either the Physical Work Test or the Five Percent Safe Harbor by July 4, 2026, to then have four years to be placed in service.

FEOC Material Assistance Requirements in 2026

For any project that begins construction in calendar year 2026, a project otherwise eligible for the 48E ITC cannot have more than 60% of all manufactured products and components from Prohibited Foreign Entities, measured as a percentage of the total direct costs of all such products and components. Section 48E ITC-eligible projects that begin construction in 2027 cannot have more than 55% of such manufactured products and components from Prohibited Foreign Entities.

For any facility that produces eligible components and is otherwise eligible for 45X Manufacturing Credit, that facility must limit the total direct material costs from Prohibited Foreign Entities for production of specific eligible components sold in 2026 to the following amounts:

- No more than 50% for solar energy components and inverters,
- 40% for battery components, and
- 15% for wind energy components.

45X Manufacturing Credit facilities' total direct material costs from Prohibited Foreign Entities ramp down further for production of eligible components sold in 2027:

- No more than 40% for solar energy components and inverters,
- 35% for battery components, and

- 10% for wind energy components.

Projects started after July 4, 2025, but prior to July 4, 2026, must be placed in service before the end of 2027 in order to qualify for ITC or Direct Pay.

Relevant Projects

Given H.R. 1 changes to federal clean energy incentives, MnCIFA and Commerce are seeking project information to help design products and programs to:

- Maximize availability of federal ITC and Manufacturing Credits
- Meet MnCIFA state law requirements for qualified projects:

  A qualified project means a project, technology, product, service, or measure promoting energy efficiency, clean energy, electrification, or water conservation and quality that:
  - Substantially reduces greenhouse gas emissions;
  - Reduces energy use without diminishing the level of service;
  - Increases the deployment of renewable energy projects, energy storage systems, district heating, smart grid technologies, or microgrid systems;
  - Replaces existing fossil-fuel-based technology with end-use electric technology;
  - Supports the development and deployment of electric vehicle charging stations and associated infrastructure, electric buses, and electric fleet vehicles;
  - Reduces water use or protects, restores, or preserves the quality of surface waters; or
  - Incentivizes customers to shift demand in response to changes in the price of electricity or when system reliability is not jeopardized.
- Continue deployment of clean energy technologies toward advancing state enabled programs and meeting Minnesota's 2040 Clean Energy Law.

MnCIFA and Commerce seek feedback on all projects that meet MnCIFA's definition of a qualitied project per state statute, or that meet Commerce's various programmatic RFP requirements, but will prioritize feedback in the following MnCIFA strategic priority markets for these projects:

- Directly benefit Environmental Justice Communities
- Have a higher initial cost but that provide for substantially more affordable utility bills.
- Take advantage of the Inflation Reduction Act's ITC Direct Pay incentives
- Decarbonize existing processing industries
- Encourage the replacement and electrification of inefficient HVAC equipment and appliances
- Manufacturing facilities that produce products essential to the decarbonization market.
- Community solar gardens and other projects that serve Environmental Justice communities.
- Publicly owned projects including but not limited to schools, higher education institutions, and housing
- Multifamily and single-family housing
- Rural areas and small communities
- Tribal Nations

Potential Respondents

MNCIFA, in collaboration with partners at Commerce, is interested in supporting a wide range of entities undertaking clean energy projects.

These include conventional organizations such as major renewable energy developers or real estate developers and building owners, but also smaller entities that may be more community focused. MNCIFA encourages all

interested parties to provide feedback to the RFI.

Potential Respondents to the RFI may include but are not limited to:

- Property owners
- Real estate developers
- Renewable energy developers and operators
- Financial institutions
- Corporations
- Non-profit organizations
- Venture and private equity groups
- Philanthropies that support clean energy or community development projects
- Community-based organizations, including those representing Environmental Justice Communities
- Other private entities

Submissions

Timeline

August 18, 2025, at 1 p.m. Central Time	Distribution of RFI
September 12, 2025, at 1 p.m. Central Time	Deadline for providing responses to the RFI

Required Information for Submission

Interested respondents can provide information via this online form.

Cover Page	A. Lead entity's name B. Primary point of contact information for lead Respondent (including: name, title, address, phone number, email address) C. Similar information for any Co-Respondents/partners
Entity Profile	A. Summary of Respondent's organizational history and background B. Organizational involvement with and/or commitments to clean energy, including a summary of relevant ongoing or recently completed projects C. Organizational size and/or operating capacity

Project/Program Information	A. Describe the project(s)/asset(s) that may be affected by changes to federal tax law (FEOC and commence construction requirements). Include location, project type, specific technologies utilized, and other relevant details (size, renewable capacity, etc.).
Response to tax law changes	A. Describe your current plans to respond to changes in federal incentives and FEOC Material Assistance requirements to ensure projects meet Tax Credit requirements. This could include material sourcing, project timelines, ownership or control structure changes, and recordkeeping or other compliance-related activities. B. Describe projects that may be cancelled because they are unable to meet FEOC requirements or other changes in federal incentives. Include project size, location, and technology type.
Actions by State and Local Actors to assist in project delivery	A. Based on your experience, describe financial supports, technical assistance, or other mechanisms that could remove barriers to clean energy projects in Minnesota **meeting new FEOC Material Assistance requirements.** This could include assistance or activities undertaken by state or local government, or non-governmental entities. B. Based on your experience, describe financial supports, technical assistance, or other mechanisms that could remove barriers to clean energy projects in Minnesota **meeting new construction commencement timelines.** This could include assistance or activities undertaken by state or local government, or non-governmental entities.

All RFI responses must be submitted no later than 1 p.m. Central Time, September 12, 2025. Responses can be provided via this online form.

Any questions by prospective Respondents concerning this RFI or the response form shall be sent by email to:

Parisa.Rostamkhani@state.mn.us

The subject line of the e-mail should state: MNCIFA RFI Questions.

Post-Submission Process

MNCIFA and Commerce may invite Respondents to provide additional information to better understand the information provided in the submittal. MNCIFA may also request meetings with some or all of the Respondents to discuss details of responses.

Based on the feedback provided via the RFI, MNCIFA anticipates designing products within the parameters of MNCIFA's Investment Plan. Future opportunities will be made available for respondents and other members of the public to apply for MNCIFA funding regardless of whether they respond to the RFI. The exact nature of these products will depend on product design, relevant project scope, and relevant source of MNCIFA funding.

Data Practices

This RFI is for information gathering purposes only and should not be construed as a solicitation or obligation on the part of MNCIFA or Commerce to provide funding.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Respondents should only submit information that they wish to make publicly available and should not enclose any information considered confidential or inappropriate for public disclosure.