

Comment from Wolfspeed, Inc.

The IRA represents a once-in-a-generation opportunity to invest in a green, secure, and prosperous future. In order to capitalize on this consequential moment in history, it is crucial that the Executive Branch takes diligent steps to ensure the successful implementation of the IRA. With our experience in the recent construction of the world's first, largest, and only 200mm Silicon Carbide fabrication facility in Marcy, New York, we believe we are uniquely positioned to provide perspective on the clarity needed on certain sections of the IRA, such as the credit enhancements for meeting prevailing wage and apprenticeship requirements. We respectfully request for you to take the below comments into consideration.

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Durham, North Carolina, 27703

November 4, 2022

Filed Electronically (Federal eRulemaking Portal – IRS-2022-0051)

Internal Revenue Service
CC:PA:LPD:PR (Notice 2022-51)
Room 5203
P.O. Box 7604
Ben Franklin Station, Washington, DC 20044

Dear Sir or Madam,

These comments request clarifying guidance relating to the prevailing wage and apprenticeship requirements under the Internal Revenue Code (“IRC”) §48C(e)(5) and §48C(e)(6) respectively.

Wolfspeed, Inc. (“Wolfspeed”) appreciates the opportunity to submit the following comments to the Treasury Department and Internal Revenue Service (“IRS”) related to Notice 2022-51 concerning the prevailing wage and apprenticeship requirements conditioned for an increased credit rate under IRC §48C as recently amended under the Inflation Reduction Act (“IRA”). We recognize the groundbreaking nature of the IRA as America’s largest-ever public investment in clean energy and the unprecedented support to combat the existential crisis of climate change while strengthening American innovation, supply chains, industrial competitiveness, and energy security.

Wolfspeed, headquartered in Durham, North Carolina, is a market leader in the worldwide production and adoption of Silicon Carbide and Gallium Nitride technologies. As *Charged* magazine noted, “Silicon Carbide is becoming the material of choice for EV power electronics.” Wolfspeed’s business is built on the power of Silicon Carbide and the innovative possibilities unleashed by the technology. Wolfspeed serves as a catalyst for driving change that transforms our communities, our industries, and our world **by powering more and consuming less.**

Wolfspeed’s solutions are driving change across the semiconductor market, enabling greater efficiency and performance, smaller systems, and lower costs. These solutions are key to the electrification of the drivetrain, to support the shift to electric vehicles (“EVs”), wireless infrastructure to unlock the potential of smart cities, and power storage to enable broader adoption of alternative energy. Specifically, our product catalog includes Silicon Carbide and Gallium Nitride materials, power-switching devices, and radio frequency (“RF”) devices targeted for various applications such as EVs, fast-charging, 5G, renewable energy and storage, and aerospace and defense. Our founders pioneered Silicon Carbide and Gallium Nitride solutions for both high power and RF applications.



Wolfspeed is uniquely positioned at the forefront of bolstering America's domestic manufacturing base, supporting the electrification of the drivetrain and shift towards EVs, as evidenced by our current U.S. workforce of approximately 4,000 employees and our predominately U.S. manufacturing footprint with manufacturing facilities located in New York, California, Arkansas and North Carolina. As announced in early September, Wolfspeed will continue to invest in U.S. manufacturing through a new, state-of-the-art, multi-billion-dollar materials manufacturing facility in Chatham County, North Carolina.¹ Additionally as discussed at our October Investor Day, we foresee the need for another fabrication manufacturing facility in the near-term to support the growing demand for Silicon Carbide. [As President Biden highlighted on Twitter, Wolfspeed is one of many companies responding to his support for investments in the industries of the future.](#)

Powering More. Consuming Less.™

When drivers need to charge their EVs on the go, the best option available is off-board direct current ("DC") fast chargers, which enable the rapid charging of EV batteries. When it comes to switching electronic signals, traditional Silicon performance is limited, which means that even the fastest of Silicon based chargers are going to be too slow for the average consumer's expectation. Alternatively, Silicon Carbide and its unique physical properties enable superior switching speed and higher power delivery – which means a faster and more efficient charge of EV batteries.

For EVs specifically, the need to have reliable and consistent power is paramount, and traditional Silicon cannot provide the reliability and speed of charging which EV drivers on the go will require. Silicon Carbide, on the other hand, is specially built to meet this need. With greater reliability and improved efficiency over any Silicon based solution, Silicon Carbide is ready for the challenges that today's EVs present, especially when it comes to on-board DC/DDC converters.

By reducing power losses by nearly 80%, Silicon Carbide also reduces consumers' "range anxiety" by extending their EV's driving distance by up to 10%. Additionally, Silicon Carbide enables a simpler design that offers many benefits, including fewer components, reduced system cost, higher efficiency, smaller size, and better bidirectional charging for Vehicle to Grid ("V2G") capability.

According to a study led by the Biophysical Economics Institute ("BPEI"), when Silicon Carbide is used in the powertrain of an EV, it delivers a 13:1 energy savings versus the incremental energy invested, as compared to traditional Silicon. This significant energy conservation allows for longer range, lighter weight, and faster charging – all of which support the electrification of the drivetrain, lower long-term energy usage, and enhanced environmental sustainability.

The same study led by BPEI found that lifetime greenhouse gas emissions ("GHG") of an EV using Silicon Carbide were reduced by 690 kg CO_{2,eq}, which is the equivalent of the CO₂ in 77 gallons of gasoline. If in 2030, 35 million EVs utilized Silicon Carbide, the lifetime savings for one model year would be

¹ <https://www.wolfspeed.com/company/news-events/news/wolfspeed-selects-north-carolina-for-worlds-largest-silicon-carbide-materials-facility/>

equivalent to 192 million barrels of oil, \$8.2B USD of electricity², or lifetime GHG emissions equivalent to 2.7B gallons of gasoline.

For more information on how Wolfspeed is powering more and consuming less, we invite you to review our 2022 Sustainability Report.³

Request for clarifying guidance

The IRA represents a once-in-a-generation opportunity to invest in a green, secure, and prosperous future. In order to capitalize on this consequential moment in history, it is crucial that the Executive Branch takes diligent steps to ensure the successful implementation of the IRA. With our experience in the recent construction of the world's first, largest, and only 200mm Silicon Carbide fabrication facility in Marcy, New York, we believe we are uniquely positioned to provide perspective on the clarity needed on certain sections of the IRA, such as the credit enhancements for meeting prevailing wage and apprenticeship requirements. We respectfully request for you to take the below comments into consideration.

Workable Framework to Enable Certainty of Credit Rate

Wolfspeed is supportive of promoting a fairly compensated and well-trained workforce and is committed to furthering these policies. In order to pair these policies with the overall policies of the IRA tax incentives to invest in clean energy technologies, Wolfspeed is requesting that guidance implementing the prevailing wage rules provide a workable framework under which taxpayers can be certain about the amount of credit for which they are eligible.

To provide certainty and to avoid overly burdensome reporting requirements, guidance should allow taxpayers to certify, under penalties of perjury, within the tax return filing in which the credit is claimed that the prevailing wage and apprenticeship requirements have been met by the taxpayer as they relate to the credit claimed.

The IRS should provide clarity on the level of detail and acceptable form which will be expected to support prevailing wage requirements on a taxpayer's filed tax returns. Guidance should provide taxpayers with general categories of employees (i.e., laborer, foreman, supervisor) and the acceptable form with which taxpayers should track prevailing wage detail. For a practical and systematic proof that a taxpayer met prevailing wage requirements, taxpayers will need certainty as to the population of employees which require prevailing wage tracking and the acceptable form in which such tracking should be maintained. Such support should be required as part of the taxpayer's books and records and not with the filing of the tax return.

In cases where taxpayers do not directly employ or contract with the labor associated with a particular project, we recommend guidance to clarify that taxpayers may rely, with reasonable assurance, on a contractor's submission of prevailing wage detail (which should be tracked in the same applicable form as we requested further guidance to clarify). Guidance should clarify procedures which taxpayers

² Assumes U.S. average residential electricity price of \$0.1371/kWh

³ <https://www.wolfspeed.com/company/sustainability/#reporting>



should undertake in review of contractor's prevailing wage submission. In instances where taxpayers perform such procedures and conclude a contractor's prevailing wage detail meets the prevailing wage requirements, than guidance should establish a safe harbor against the penalty provisions in IRC §45(b)(7)(B)(i)(II).

IRC §45(b)(7)(A)

IRC §45(b)(7)(A) provides that a Company "shall ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor" meet the prevailing wage requirements. Guidance is requested as to the definition of laborer and mechanic. Specifically, what types of job duties would be considered a laborer or mechanic? We recommend guidance clarify the definition of laborer and mechanic in relation to the traditional trades of plumber, electrician, carpenter, etc. We would recommend the definition of laborer and mechanic exclude engineers and similarly qualified equipment technicians.

IRC §48C(e)(5)(A)

IRC §48C(e)(5)(A) provides that prevailing wage requirements must be met for "construction, alteration, or repair of a similar character in the locality in which such project is located." Guidance is requested to confirm that the 5-year prevailing wage requirement for alterations and repairs under IRC §48(a)(10) does not apply in relation to the prevailing wage requirement in IRC §48C(e)(5). Additionally, what is the definition of construction, alteration, or repair in relation to IRC §48C(e)(5)(A) with respect to tangible personal property?

IRC §45(b)(11)(B)(iii)

IRC §45(b)(11)(B)(iii) provides that the term "energy community" should include a census tract, or a directly adjoining census tract, in which a coal mine has closed after December 31, 1999 or a coal-fired electric generating unit which has been retired after December 31, 2009. Guidance is requested on the definitions of a closed coal mine and retired coal-fired electric generating unit. Additionally, guidance is requested on the public information source the IRS would consider in determining such census tracks.

IRC §45(b)(8)

IRC §45(b)(8)(C) provides that each taxpayer, contractor, or subcontractor who employs four or more individuals to perform construction, alteration, or repair work with respect to a qualified facility must employ one or more qualified apprentices from a registered apprenticeship program to perform the work. IRC §45(b)(8)(D)(ii) provides a good faith effort exception, but only with regard to qualified apprentices from a registered apprenticeship program, as defined in IRC § 3131(e)(3)(B). We would recommend an addition to the scope of a registered apprenticeship program to include any apprenticeship program established with a technical community college program.



We appreciate your consideration of these matters and are available to answer any questions you may have.

Sincerely,



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