Articles + Publications | December 3, 2025

Department of Energy Announces Funding Process for Domestic Rare Earth Element Supply Chains

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On December 1, 2025, the Department of Energy (DOE) publicly announced its decision to allocate up to $134 million in new funding to enhance domestic supply chains for rare earth elements (REEs).

REEs are 17 elements identified in the periodic table (lanthanum, cerium, praseodymium, neodymium, promethium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, and lutetium). REEs are critical to national security and economic growth as they are used extensively in the production of batteries, magnets, electronics, and communications equipment.

This latest release of DOE funding will be disbursed via a nonprocurement award under the Notice of Funding Opportunity (NOFO) Rare Earth Elements Demonstration Facility (DE-FOA-0003587) issued by DOE's Office of Critical Minerals and Energy Innovation (CMEI). DOE is requesting nonbinding letters of intent by December 10, 2025, although these are not mandatory for funding eligibility. Official applications are due to CMEI by January 5, 2026. DOE will host a webinar on December 9 at 1 p.m. ET, which will provide more information on this NOFO.

With this latest tranche of program funding, DOE is focused on projects capable of demonstrating commercially viable processes and methods to economically and efficiently extract REEs from unconventional sources, such as mine tailings, and various other industrial waste streams that are abundant in the U.S., but largely unutilized. This funding aims to (i) move proof-of-concept processes from pilot stage toward integrated, commercially scalable demonstrations; (ii) reduce reliance on foreign suppliers; and (iii) establish durable U.S. capacity from feedstock access through final REE product. This latest NOFO builds on DOE's previously announced decision to allocate $355 million in project funding directed at developing domestic sources of critical minerals and critical materials (which we discussed in detail here), and this is the first NOFO issued by DOE's newly created CMEI.

Applicant Eligibility

Eligible applicants for this NOFO are limited to academic institutions partnering with private entities (as subrecipients and/or subcontractors). Successful applicants, *i.e.*, funding recipients, would be part of the full-scale integration of the Rare Earth Demonstration Facility program.

The instant funding opportunity is well suited for companies and consortia that can demonstrate integrated, scalable solutions linking reliable REE?bearing feedstocks to downstream manufacturing needs. Mining and minerals firms with access to tailings or waste rock, industrial and e?waste recyclers handling REE?containing streams (for example, discarded magnets and electronics), and chemical/process companies with separation and

refining expertise, are strong candidates for teaming up with universities offering academic expertise in mining, materials science, metallurgy, chemical processing, and similar fields.

The university, as funding applicant, will be expected to include with its funding application sufficient technical and financial information to demonstrate technical feasibility, abundant and readily available feedstock supply, cost-effective transport to and from the processing facility, robust environmental and community benefits, and a credible pathway to establish turnkey U.S. commercial deployment. The cost share by the applicant must be at least 50% of the total project costs.

Next Steps

As with all DOE NOFOs, interested applicants should expect an intensive grant application process and this specific NOFO will require a concerted team effort from interested academic institutions and their private party collaborators. A formal teaming arrangement between the funding applicant and each of its various commercial collaborators is highly advisable.

To assist funding applicants, DOE has developed two resources (Part 1 and Part 2) that highlight essential award information, including project scope, eligibility requirements, and selection procedures. DOE urges applicants to closely examine these resources and to tailor the funding application to address the various items identified by DOE. As a starting point, the interested applicant should consider submitting a nonbinding letter of intent by the December 10, 2025, deadline. Concurrently, the funding applicant must meet the January 5, 2026, deadline for DOE's receipt of initial funding applications. The Troutman Pepper Locke team is available to consult and support those interested in pursuing federal support from startup to application completion.

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