

FCC Modifies Covered List Entry for Foreign-Produced Power Inverters

WRITTEN BY

Ryan Last | Daniel N. Anziska | Peter E. Jeydel

KEY POINTS

- The FCC's PSHSB updated the Covered List on August 20, 2026, based on a second National Security Determination from DoD/W narrowing the definition of covered "power inverters" to utility-interactive inverters as defined in UL 1741 that contain or can accept remote connectivity components.
- The revised definition confirms that the connectivity prong is satisfied if an inverter is "designed, equipped, or configured to accept" a communications component — even if that component is not installed at the time of manufacture.
- Foreign-produced power inverters eligible for the Advanced Manufacturing Tax Credit under 26 U.S.C. § 45X are no longer considered "foreign-produced" for Covered List purposes and are exempt from the listing.
- Inverters have three potential routes off the Covered List: eligibility for the section 45X domestic production credit, qualification as a Buy American Act domestic end product under 48 C.F.R. § 25.101(a), or Conditional Approval from DOD/W or DHS.
- The July 28 permissive changes waiver under 47 C.F.R. §§ 2.932(b) and 2.1043(b), permitting software and firmware updates to previously authorized covered devices, continues to apply under the revised power inverter definitions.

On August 20, 2026, the Federal Communications Commission's (FCC) Public Safety and Homeland Security Bureau (PSHSB) issued a [Public Notice](#) (the August 20 Public Notice) announcing modifications to the power inverters entry on the FCC's [Covered List](#). The update follows a second National Security Determination (NSD) issued by the Department of Defense/War (DoD/W) on August 19 (see Appendix B of the August 20 Public Notice), which narrows the scope of the original power inverters listing and creates a new exemption for inverters eligible for certain clean energy tax credits.

BACKGROUND

The FCC's Covered List identifies communications equipment and services that have been determined to "pose an unacceptable risk to the national security of the United States or the security and safety of United States persons" under the Secure and Trusted Communications Networks Act of 2019 (the Secure Networks Act). Once equipment is placed on the Covered List, it is prohibited from receiving FCC equipment authorizations.

As we discussed in a prior [client alert](#), on July 28, 2026, PSHSB added foreign-produced power inverters and advanced robotic devices to the Covered List based on NSDs from an Executive Branch interagency body (the First Power Inverter NSD). The First Power Inverter NSD found that foreign-produced power inverters pose unacceptable supply chain and cybersecurity risks to the U.S. — specifically, that remote connectivity features

could enable foreign actors to disrupt the U.S. electric grid, exfiltrate data, or facilitate surveillance. The FCC stated that the Covered List would be further updated if DoD/W or the Department of Homeland Security (DHS) made a specific determination that a given power inverter or class of power inverters does not pose such risks.

KEY CHANGES IN THE AUGUST 20 PUBLIC NOTICE

The Second NSD, issued by DoD/W pursuant to its authority as an “appropriate national security agency” under the Secure Networks Act, makes three significant changes to the original listing.

Revised Definition of “Power Inverters.” The definition of “power inverter” has been updated in significant ways that change the scope of covered devices. Under the revised definition, a “power inverter” is an electronic device that:

- Changes DC power to AC power, to include bidirectional devices, that is intended for use in parallel with an electric utility to supply common loads and sometimes deliver power to the utility, *i.e.*, a utility-interactive inverter as that term is defined in Underwriters Laboratories Standard (UL) 1741 sections 2.1.23 and 2.1.52; and
- Contains, or is designed, equipped, or configured to accept, a component that enables remote communication, control, sensing, data-collection, or monitoring through Ethernet, Wi-Fi, cellular, Bluetooth, or other similar connections, whether wired or wireless.

This represents a meaningful narrowing from the original NSD, which defined “power inverter” more broadly as a “bi-directional power device or system that converts direct current electricity to alternating current electricity, or converts alternating current electricity to direct current electricity, to include microinverters, string inverters, central inverters, and hybrid (battery-based) inverters.” The revised definition removes express references to those specific inverter types, eliminates AC-to-DC conversion (thereby excluding rectifiers), and limits coverage to utility-interactive inverters as defined in UL 1741. DoD/W specifically determined that power inverters covered by the original determination but that do not meet the UL 1741 utility-interactive definition do not pose the identified unacceptable national security risks.

For utility-scale solar and storage, however, the utility-interactive limitation may have relatively little practical effect because those projects generally use utility-interactive equipment. Ambiguity remains for devices that are not traditionally considered inverters but that change DC to AC power and meet the utility-interactive portion of the definition.

Clarification on Connectivity. The revised definition makes significant changes to the connectivity prong. DoD/W confirmed that the term “similar connection” in the original determination encompasses wired connectivity, including Ethernet. Additionally, the revised language no longer requires that an inverter actually contain the communications component — it is sufficient if the inverter is “designed, equipped, or configured to accept” a component enabling remote communication, control, sensing, data-collection, or monitoring. For utility-scale equipment, this may be particularly important because an inverter designed, equipped, or configured to accept an optional or separately installed communications module may satisfy the connectivity requirement even if that component is not installed at the time of manufacture.

Advanced Manufacturing Tax Credit Exemption. DoD/W has determined that foreign-produced power inverters eligible for the Advanced Manufacturing Tax Credit under 26 U.S.C. § 45X do not pose unacceptable national

security risks and should be removed from the Covered List. The determination relies on The One Big Beautiful Bill Act's modification of Section 45X, which prevents any "eligible component" — including certain power inverters — from qualifying for the tax credit if it includes material components from a prohibited foreign entity. DoD/W therefore concluded that power inverters eligible for the § 45X credit for domestic production should be considered domestically produced and do not present the unacceptable national security risks identified in the original determination.

In addition, the existing "domestic end product" requirement under the Buy American Act regulations (48 C.F.R. § 25.101(a)) from the original NSD remains an alternative pathway. Under this standard, a power inverter qualifies if it is manufactured in the United States and the cost of domestic components exceeds 65% of the total component cost for items delivered in calendar years 2024 through 2028, or 75% for items delivered starting in calendar year 2029.

Importantly, these requirements are alternatives, not cumulative. A manufacturer satisfying the § 45X domestic-production test does not also need to satisfy the Buy American Act component-cost test, and vice versa. As a result, an inverter has three distinct potential routes off the Covered List: (a) eligibility for the § 45X tax credit for domestic production; (b) qualification as a Buy American Act domestic end product under 48 C.F.R. § 25.101(a); or (c) Conditional Approval through the DoD/W and DHS process.

Additionally, a power inverter that is not designed, equipped, or configured to accept a communications component enabling remote connectivity would not satisfy the revised definition's connectivity prong and thus would not be subject to the Covered List in the first instance.

EQUIPMENT AUTHORIZATION AND PERMISSIVE CHANGES WAIVER

Equipment on the Covered List remains prohibited from receiving FCC equipment authorizations under 47 C.F.R. § 2.903(a). The FCC confirmed that the July 28 waiver of the permissive changes rules under 47 C.F.R. §§ 2.932(b) and 2.1043(b) — which govern modifications to equipment that has already received FCC authorization and permit certain Class I changes, which are minor modifications that do not affect equipment compliance, and Class II changes, which require additional testing but not a new application, involving software and firmware updates that mitigate consumer harm for covered devices authorized prior to being listed — continues to apply under the revised definitions of "power inverter" and "foreign-produced power inverter."

IMPLICATIONS AND OPEN QUESTIONS

Companies that manufacture, import, or deploy power inverters should review their product lines against the revised definitions to determine whether their devices fall within or outside the scope of the Covered List. The revised definition narrows the universe of covered devices by limiting coverage to utility-interactive inverters with connectivity capabilities, while the § 45X exemption and Buy American Act pathway provide additional routes to avoid Covered List treatment. However, other foreign-produced utility-interactive inverters with remote connectivity capabilities — whether wired or wireless, and whether the connectivity component is installed or merely capable of being accepted — remain covered and cannot receive FCC equipment authorizations absent a Conditional Approval from DoD/W or DHS.

While this second NSD provides meaningful clarity, a number of areas remain that will require further guidance

from the FCC, including the treatment of devices at the margins of the revised definitions.

For more information about FCC Covered List compliance, power inverter supply chain matters, or related trade controls and sanctions issues, please contact [Ryan Last](#), [Daniel N. Anziska](#), or [Peter E. Jeydel](#) of Troutman Pepper Locke's [Sanctions + Trade Controls](#) and [Government + Regulatory](#) practices.

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