

United States Senate

WASHINGTON, DC 20510

June 16, 2023

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Yellen:

As the U.S. Department of the Treasury (Treasury) implements the instructions under Internal Revenue Code (IRC) Section 40(B)(e)(2), **we urge Treasury adopt the U.S. Department of Energy's Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model as the secondary methodology for calculating tax credits for sustainable aviation fuel (SAF) produced.** Adopting GREET will dramatically enhance the effectiveness of SAF incentives to accelerate the aviation industry's decarbonization.

Failure to provide businesses with the certainty and reliability of a science-based, United States government-developed model to determine eligibility for IRA tax credits could have dire consequences. Prohibiting the aviation industry from decarbonizing with the most readily available SAF options will not only prevent American farmers from contributing to a clean energy economy, but it will drastically delay adoption of promising low emission energy sources and force the aviation industry to miss an opportunity to eliminate millions of tons of carbon emissions in the coming years.

IRC Section 40(B)(e) provides the instructions on how Treasury should calculate the "Lifecycle Greenhouse Gas (GHG) Emissions Reduction Percentage," and 40(B)(e)(2) allows the Treasury to choose a secondary model that meets the definition of "lifecycle greenhouse gas emissions" included in the Renewable Fuel Standard (RFS) (42 U.S.C. 7545(o)(1)(H)). We strongly support Treasury adopting the U.S. Department of Energy's GREET model as the secondary methodology for calculating tax credits for SAF produced because it is undeniably a similar methodology that satisfies the criteria included as necessary for a secondary model.

GREET also enables SAF stakeholders to adapt to new developments and technological advances, **making GREET the only model that can lead to every participant in the SAF lifecycle having options to appropriately participate in carbon reducing processes.** For the reasons explained below, Treasury should allow SAF producers to use GREET in determining the fuel's lifecycle GHG emissions.

- **GREET is a "similar methodology," as required by the Inflation Reduction Act (IRA), to "the most recent Carbon Offsetting and Reduction Scheme for International Aviation (CORSA), which has been adopted by the International Civil Aviation Organization (ICAO)." (26 U.S.C. 40B(e)(1)).** Both models calculate fuels' well-to-wheel GHG emissions through an attributional lifecycle analysis of "core" process-based emissions (i.e., emissions from a biofuels production facility or feedstock

production) combined with a consequential lifecycle analysis for indirect or induced emissions (i.e., land use change).

- **REET satisfies the criteria for lifecycle analysis under Clean Air Act (CAA) § 211(o).** “Lifecycle greenhouse gas emissions” under the RFS must consider the “aggregate quantity of greenhouse gas emissions” including “direct emissions and significant indirect emissions” for the “full fuel lifecycle.” (42 U.S.C 7545(o)(1)(h)). REET, which comprehensively addresses direct emissions as well as utilizes the Carbon Calculator for Land Use Change from Biofuels Production (CCLUB), amply satisfies these requirements.
- **Several other provisions of the IRA mandate use of REET to calculate the life cycle analysis (LCA) for other transportation fuels**, such as hydrogen (26 U.S.C. 45V(c)(1)(B)), and non-aviation fuels under the Clean Fuel Production Credit (26 U.S.C 45Z(b)(1)(B)(ii)). **Notably, these provisions requiring the use of REET for other transportation fuels and hydrogen reference the same definition of “lifecycle greenhouse gas emissions” under the Clean Air Act as does IRC Section 40B.** Moreover, because some facilities will produce both aviation and non-aviation fuels at the same facility, **to require them to utilize different models for aviation and non-aviation fuels will unnecessarily complicate the ability of these taxpayers to calculate credit values for these fuels.**
- **Using REET for LCA creates a system to reward farmers for climate-smart agriculture practices and introduces a market-driven approach to sustainability.** Because REET can accommodate variables for better land management, the many farmers who already implement sustainable practices or adopt these practices and lower the carbon intensity of feedstock production can be financially rewarded for their efforts. Without sound policy around measurement of carbon reduction in agriculture, these efforts and ultimately the environmental and economic benefits may not fully benefit agricultural producers. This model is the only effective way to include the domestic agricultural sector into this low-carbon economy.
- **REET is the most up to date, accurate model for our domestic practices.** ICAO largely relies on data published between 2007-2012 and utilizes an averaging approach. In fact, ICAO uses old REET data but relies on out of date, static science and methodologies that unjustifiably penalize U.S. agriculture. In the last decade, the carbon intensity of biofuels has fallen by 20 percent or more, making the case that for a scientific model to be accurate it must be continuously updated with relevant data and methodologies. REET has been updated at least five times in the last 9 years and relies on the best available science to assess direct emissions. REET includes actual field testing and validation techniques and includes climate-smart agricultural practices and scientific innovations.

We strongly encourage Treasury to implement REET as the secondary model for SAF provisions under IRC Section 40B. Failing to do so will prohibit the majority of the current SAF

market from benefitting from this incentive, prevent us from making further investments in this technology and hinders carbon reduction.

Sincerely,



Tammy Duckworth
United States Senator



Richard J. Durbin
United States Senator



Deb Fischer
United States Senator



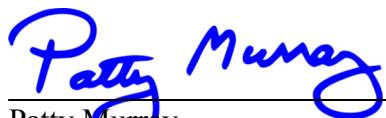
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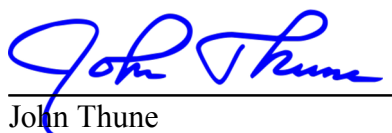
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