

Congress of the United States

Washington, DC 20515

[[DATE]]

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

Dear Secretary Yellen:

We write today to request that the Treasury Department take immediate action to finalize the rules to implement the Section 45Z Clean Fuel Production Credit. The 45Z credit should be leveraged to provide a forward-looking, technology-neutral market signal to increase our country's production capacity for low-carbon, domestic renewable fuels and for existing biofuel production to invest in decarbonization. The effective, timely, and scientific implementation of 45Z is essential to realize the credit's full potential.

To that end, we ask that the Treasury Department:

- 1) Publish the proposed 45Z rulemaking (including any carbon models) and safe harbor guidance by September 1, 2024, and complete the final rulemaking no later than November 1, 2024;
- 2) Ensure that the 45Z credit is available only to domestic fuel producers;
- 3) As the statute requires, use the Greenhouse gases, Regulated Emissions and Energy use in Technologies (GREET) model without the additional indirect effects that were added to Section 40B GREET;
- 4) Include a suite of climate-smart agriculture (CSA) practices and without a "bundling" requirement; and
- 5) Include a broader array of industrial decarbonization technologies, feedstocks, and agricultural practices.

Lack of regulatory certainty is already putting thriving businesses at risk as fuel producers are unable to make important business decisions regarding their fuel. Capital investment remains uncommitted, threatening certain projects and expansion plans, including the administration's stated goals to support new markets like sustainable aviation fuel (SAF) and low-carbon transportation fuels.

To provide a clear market signal to the industry, the CSA rules included in the Section 40B GREET model must be revised for 45Z. Limiting the choices to just three CSA practices, when the U.S. Department of Agriculture (USDA) CSA and Forestry Mitigation Activities List for FY2024 includes over 50 practices and 100 activities, disincentivizes CSA investment. The "bundling" requirement for farmers to adopt multiple CSA practices before getting credit for any single practice creates a barrier to entry and will exclude many acres of farmland. In 45Z, more CSA practices must be included and farmers must be permitted to adopt them in a practice-by-practice fashion without a "bundling" requirement.

Furthermore, Treasury must recognize a broader array of industrial technologies, power sources, and biofuel feedstocks that lower the lifecycle emissions of transportation fuels and reflect the innovation and ingenuity of America's farmers and biofuel producers. Such industrial technologies should include energy (thermal and power) storage, both on-site and over-the-fence combined heat and power, mechanical vapor recompression, biomass to heat, advanced yeasts and enzymes, thermal vapor recompression, on-farm energy use reductions, and biogenic and non-biogenic carbon capture and storage (CCS). Power sources should include waste, solar, and nuclear. Moreover, additional biofuel feedstocks, such as sorghum, corn wet mills, additional oilseeds, and corn kernel fiber should be recognized.

We urge you to address these issues related to 45Z and look forward to receiving your response not later than thirty days from the date of this letter. If properly implemented, this credit can fully mobilize the biofuel industry, growing our domestic manufacturing base, creating jobs, diversifying the U.S. energy portfolio, adding value to crops grown by American farmers, and offering consumers better, more affordable, and lower carbon options at the fuel pump and in the skies. Thank you for taking immediate action to accelerate and finalize the Section 45Z Clean Fuel Production Credit.

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