

November 1, 2023

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

RE: Sustainable Aviation Fuel (SAF) Credit Eligibility

Secretary Yellen,

We, the undersigned – as industry leaders covering nearly the entire supply chain for Sustainable Aviation Fuel (SAF) – are writing to express our strong support for formal recognition of the U.S. Department of Energy’s Argonne GREET model as a “similar methodology” under the Inflation Reduction Act (IRA) Section 40B(e).

As you know, our ability to attract investment and build out U.S. SAF capacity will depend on how the program determines credit eligibility and valuation. This is especially true for a performance-based tax regime that ties the size of the incentive to a product's lifecycle carbon score.

While the statute rightly recognizes the carbon lifecycle assessment (LCA) model developed by the International Civil Aviation Organization (ICAO) as a method for determining SAF credit eligibility and valuation, Congress was right to explicitly allow for the use of “any similar methodology.” The Department should immediately recognize Argonne GREET as a similar methodology for several reasons.

First, Argonne GREET incorporates the latest biorefining and feedstock production efficiencies and is updated regularly. Accuracy, transparency, and predictability are vital to securing private capital in a policy-driven marketplace. Second, and unlike the ICAO model, Argonne GREET allows users to account for climate smart and regenerative feedstock production practices. The IRA could unleash a new wave of U.S. bio-innovation practices but will not reach its full potential if those practices cannot be accounted for. Finally, tying a U.S. SAF credit to only one international model – in an inherently uncertain technical field – increases investment risk in direct contravention of the interagency SAF Roadmap's goal to “reduce [industry] risk during scale-up and operations.”

As to whether Argonne GREET meets the statutory requirements for recognition as a similar methodology to ICAO/CORSIA, the models use the same tools to quantify lifecycle carbon emissions from SAF. Both approaches rely primarily on GREET data for direct (supply-chain) emissions and a general equilibrium economic model called GTAP to estimate indirect emissions (i.e., indirect land use change). Argonne GREET clearly complies with CAA § 211(o)(1)(H) because the model includes every aspect of the “full fuel lifecycle,” including both “direct emissions and significant indirect emissions.” It also includes the only example of significant indirect emissions cited (“land use changes”) and “all stages of fuel and feedstock production and distribution ... adjusted to account for their relative global warming

potential.”¹ While the scientific community’s understanding of different aspects of lifecycle carbon accounting is constantly evolving, particularly with regard to indirect emissions, proposed significant modifications should be run through the normal scientific, agency and public processes – and should not be added hastily as part of Treasury guidance.

We are aware that Argonne GREET is undergoing an update. Science-based updates are a normal course of business for lifecycle modeling and should not be cause for delay. Our companies are already engaged in discussions and commercial efforts to ramp up SAF production and feedstocks to meet the goals set forth by the U.S. and global climate leaders. With the right market signals, we can de-carbonize aviation and spur a new wave of U.S. innovation and clean energy jobs. However, modeling uncertainty today is a multiyear development problem due to the buildout schedules of SAF production facilities. To this end, we underscore the urgency for providing clarity on this issue as soon as possible to ensure the effective implementation and utilization of IRA Section 40B.

Respectfully, we encourage the administration to immediately recognize “the most recent version” of the Argonne GREET model – as the statute does for ICAO/CORSIA – as a similar methodology. Unlike any new carbon modeling regime that would invite further delay, recognizing Argonne GREET now gives SAF investors a well-settled, durable, and predictable framework for assessing program eligibility and risk without undercutting ongoing and future modeling updates.

Our companies are committed to a sustainable future and are focused on accelerating the commercial deployment of SAF. We look forward to the opportunity to rely on this vitally important program.

Thank you for your work on this important issue.

Sincerely,



¹ See: <https://www.energy.gov/sites/default/files/2021-04/beto-03-peer-review-2021-analysis-wang.pdf>





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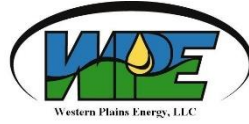


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