

Statement of Edward S. Hubbard, Jr., Esq.
General Counsel and VP of Govt. Affairs, RFA
Roundtable Discussion with Department of Treasury
Heavy Industry and the Inflation Reduction Act
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Good afternoon. My name is Ed Hubbard. I am General Counsel and VP of Government Affairs for the Renewable Fuels Association. Thank you for holding this important roundtable.

The IRA is the most significant commitment to low-carbon biofuels since the Renewable Fuel Standard was expanded in 2007. In particular, a new Clean Fuel Production Credit (45Z), a new sustainable aviation fuel credit (40B), and significant enhancement of the 45Q carbon capture credit, will no doubt help drive the development, expansion, and use of low carbon fuel alternatives.

However, there are key areas to carefully address in order for the legislation to meet its goals.

Regarding lifecycle analysis (LCA) methods required for these credits, there needs to be flexibility for individual producers to submit individual fuel pathway carbon intensity analyses.

Specifically, regarding 45Z, the credit value requires a thorough calculation of the full lifecycle carbon emissions of the production and use of a particular fuel. As producers invest in technology and process improvements to lower their carbon intensity, the LCA modeling will need to offer flexibility and granularity so producers can benefit from their unique investments in a timely manner. The need for this flexibility also applies to the expanded credits CCUS outlined in 45Q.

We believe that to accomplish the goals of the legislation, individual biorefineries will need the option to choose individually suited pathways, as opposed to generalized default values.

We were very pleased that the IRA legislation specifies the use of the Department of Energy Argonne National Laboratory's GREET model for lifecycle analysis of most fuels. Argonne's GREET model is recognized internationally as the "gold standard" for lifecycle carbon analysis.

We strongly encourage the Treasury Department to closely collaborate with the DOE on use of the GREET model for IRA implementation.

Finally, to ensure consistency and uniformity across various IRA energy tax provisions, we urge you to also use the Argonne GREET model for lifecycle analysis related to the 40B sustainable aviation fuel tax credit. The legislation requires that the lifecycle method used for 40B must be “similar” to the CORSIA methodology and must also comport with the methods spelled out in section 211(o) of the Clean Air Act—GREET meets both of those requirements.

I thank you for the opportunity to share our thoughts with you today.