



Alternative Fuels & Chemicals Coalition

*Advocating for Public Policies to Promote the Development & Production of
Alternative Fuels, Renewable Chemicals, Biobased Products, and Sustainable
Aviation Fuels*

December 8, 2022

**Internal Revenue Service,
CC:PA:LPD:PR (Notice 2022-58),
Room 5203, P.O. Box 7604,
Ben Franklin Station,
Washington, DC 20044**

**Re.: AMENDMENT TO AFCC Comments in Notice 2022-58; Request for
Comments on Credits for Clean Hydrogen and Clean Fuel Production**

Dear Honorable Janet Yellen,

Background

AFCC and its member companies appreciate the opportunity to respond to the request for comments on credits for clean hydrogen and clean fuel production. This is submitted as an amendment to the comments submitted on Saturday, December 3, 2022, by AFCC and its member companies regarding book and claim system for Section 45V. AFCC and its member companies are revoking our previous comments for book and claim system, submitted on Saturday, December 3, 2022, for Sections 3.01(4)(f) and 3.01(4)(g) in Notice 2022-58, and the comments submitted for the record regarding book and claim is submitted in this document.

Response to Questions on Book and Claim for Hydrogen, Section 45V Credit

Section 3.01(4)(f) Should indirect book accounting factors that reduce a taxpayer's effective greenhouse gas emissions (also known as a book and claim system), including, but not limited to, renewable energy credits, power purchase agreements, renewable thermal credits, or biogas credits be considered when calculating the § 45V credit?

The recommendation is not to have a book and claim system as applicable for traditional fossil fuel technologies, since existing technologies derived from fossil fuels will dominate the market and there is an unfair advantage for the existence of the fossil fuel industry relative to new renewable energy technologies coming online, especially from the use of natural gas as feedstocks. However, book and claim or RECs for hydrogen from renewable natural gas or other renewable fuel source should be permissible and producers should not be penalized for using renewable energy inputs through a book and claim or power purchase agreement (PPA) since RECs and PPA are well understood and verifiable through third party auditing and should be allowed under 45V for hydrogen derived from renewable natural gas and not from fossil fuels.

Section 3.01(4)(g) If indirect book accounting factors that reduce a taxpayer's effective greenhouse gas emissions, such as zero-emission credits or power purchase agreements for clean energy, are considered in calculating the § 45V credit, what considerations (such as time, location, and vintage) should be included in determining the greenhouse gas emissions rate of these book accounting factors?

There should not be any accounting factors for Section 45V as applicable for traditional fossil fuel technologies, especially from the use of natural gas as feedstocks, since this will dominate the market, and will cause a shutdown of Section 45V for renewable energy producers. However, book and claim or RECs for hydrogen from renewable natural gas or other renewable fuel source should be permissible and producers should not be penalized for using renewable energy inputs through a book and claim or power purchase agreement (PPA) since RECs and PPA are well understood and verifiable through third party auditing and should be allowed under 45V for hydrogen derived from renewable natural gas and not from fossil fuels.

Conclusion

We look forward to working with you toward these goals and developing guidance towards these impactful technologies and would appreciate a meeting to discuss clarification for the sources of hydrogen and ensuring appropriate tax incentives are provided for AFCC member companies.



**Rina Singh, PhD.
Executive Vice President, Policy
Alternative Fuels & Chemicals Coalition**