November 4, 2022

Via Electronic Submission to: www.regulations.gov

Internal Revenue Service
CC:PA:LPD:PR (Notice 2022-50)
Room 5203
P.O. Box 7604, Ben Franklin Station
Washington, DC 20044

Re: Comments of AFPM to the Internal Revenue Service on Notice 2022-50

To Whom It May Concern:

Please find below and attached the comments of American Fuel and Petrochemical Manufacturers (AFPM) on Notice 2022-50. AFPM appreciates the opportunity to provide feedback on this guidance.

AFPM is a national trade association representing nearly all U.S. refining and petrochemical manufacturing capacity. AFPM members support more than three and a half million quality jobs in all 50 states. We contribute to the nation's economic and national security and enable the production of thousands of vital products used by families and businesses throughout the U.S.

The International Energy Agency (IEA) forecasts a foundational role for refined petroleum products and liquid fuels in the coming decades, even as the global energy sector evolves and transitions.[1] Continued demand for refined petroleum products and liquid fuels will be driven by improved living standards and population growth, which the UN estimates will swell to include an additional two billion people by mid-century.

U.S. fuel and petrochemical industries have been hard at work on innovating to reduce emissions. In fact, U.S. refineries and petrochemical manufacturers invested more than $100 billion to improve refinery efficiency, reduce emissions, and produce cleaner fuels over the last decade alone.[2] The refining sector has successfully reduced the carbon intensity of its operations by 12 percent over the past decade.[3]

AFPM and our members continue to review and analyze the provisions contained in the IRA. We anticipate engaging in a robust dialogue surrounding these incentives and appreciate the opportunity to begin that dialogue with feedback on Notice 2022-50. While we continue to examine these incentives, we share some initial inquiries and concerns below focused on transferability.

We request guidance with respect to a partnership with a partner that is a taxpayer as described in §6417(d)(1)(A) making an election under §6418(a). Specifically, AFPM seeks clarification that a partnership with such a partner (for example an organization exempt from tax, State or

[1] *See* Marathon Petroleum Corporation, *Perspectives on Climate-Related Scenarios* (June 2021), at 1, available at 2021-MPC-MPLX-ClimateReport.pdf (marathonpetroleum.com).
[2] Industrial Info Resources.
[3] John Beath Environmental.

political subdivision) qualifies as an “eligible taxpayer” to make an election to transfer credits under §6418.

Opportunities in the business development area may arise, where companies will partner with a State or a tax-exempt organization (electricity generating) by forming a partnership and want to have such partnership make the election to sell or transfer credits to monetize the investment. The current statute does not address this concern and this uncertainty may prevent taxpayers from entering into these energy investment projects in search of equity investors.

In addition, AFPM requests guidance or illustrations to clarify the application of 6418(g)(4) regarding progress expenditures.

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AFPM appreciates the opportunity to comment on Notice 2022-50 and welcomes the opportunity to have additional discussions on these issues. Please do not hesitate to contact me with any questions or if AFPM or I can otherwise be of assistance.

Sincerely,

Conner Brace

Senior Manager, Government Relations

cc: The Honorable Lily L. Batchelder, Assistant Secretary for Tax Policy
Mr. William M. Paul, Principal Deputy Chief Counsel and Deputy Chief Counsel (Technical)