

## Comment from Coalition for Renewable Natural Gas

Please find attached the response of the Coalition for Renewable Natural Gas response to the Request for Comments on Prevailing Wage, Apprenticeship, Domestic Content, and Energy Communities Requirements Under the Act Commonly Known as the Inflation Reduction Act of 2022, Notice 2022-51.



November 4, 2022

Internal Revenue Service  
CC:PA:LPD:PR (Notice 2022-51)  
Room 5203  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044

Re: Request for Comments on Prevailing Wage, Apprenticeship, Domestic Content, and Energy Communities Requirements Under the Act Commonly Known as the Inflation Reduction Act of 2022, Notice 2022-51

The Coalition for Renewable Natural Gas (“RNG Coalition”) represents the renewable natural gas (“RNG”) industry in North America. We are a non-profit association of companies and organizations dedicated to the advancement of RNG as a clean, green, alternative, and domestic energy and fuel resource. Our membership includes companies throughout the value chain of waste feedstock conversion to end uses, including transportation fuel.

The Inflation Reduction Act of 2022 (“IRA”) presents a significant opportunity to reduce greenhouse gas (“GHG”) emissions and move this country toward decarbonization. Increased deployment of RNG is and should be a key component of these efforts. RNG is biogas-derived fuel that has been captured from organic waste streams—including agricultural wastes, municipal wastewater, and municipal solid waste in landfills—and upgraded to achieve quality standards necessary to blend with or substitute for geologic natural gas. Every community in America produces organic waste. As that waste breaks down, it emits methane, which is a naturally occurring, but potent and harmful GHG. RNG projects capture this methane from existing food waste, animal manure, wastewater sludge and garbage, and redirect the methane away from the environment, repurposing it as a clean, green energy source.

The Department of Treasury and the Internal Revenue Service (collectively, “IRS”) have indicated that they plan to issue guidance pertaining to the prevailing wage, apprenticeship, domestic content, and energy community requirements for increased or bonus credit (or deduction) amounts under provisions of §§ 30C, 45, 45L, 45Q, 45U, 45V, 45Y, 45Z, 48, 48C, 48E, and 179D of the Internal Revenue Code, as amended or added by the IRA. Biogas facilities may be eligible for various of these credits, including, but not limited to, the clean energy investment credits as qualified biogas property. RNG Coalition submitted comments in response to Notice 2022-49 and requests the IRS prioritize guidance for this new credit. This includes guidance as to how the prevailing wage, apprenticeship, domestic content, and energy communities requirements will apply. These are likely new requirements for many RNG projects and timely clarifications as to

the scope, timing, and available resources for compliance will help ensure these projects are able to take full advantage of the incentives Congress provided.

We provide the following general comments on these requirements, including the questions that we believe require guidance for RNG facilities.

#### Prevailing Wage/Apprenticeship

- Whether and how the prevailing wage/apprenticeship requirements apply to facilities that were under construction before the 60 day window in 26 U.S.C. § 48(a)(9)(B)(ii)? How will it be determined whether the facility is “under construction”?
- How do these requirements apply in the case of shared ownership for qualified biogas properties (e.g., if the pipeline owns the tap or biogas source owns the feedstock collection separate from the ownership of the processing, cleaning and conditioning equipment that converts the biogas to RNG)?
- Guidance should provide clarification as to whether or not a facility that is in operation requires all staff to meet the prevailing wage requirements, and if so, the best resource to understand the prevailing wage (given plant operations positions are varied and unique per facility).
- Guidance should provide clarification for what period of time is the prevailing wage required as it may pertain to investment credits for qualified biogas property (§ 48) and production tax credits (§ 45Z).

#### Domestic Content

- For purposes of determining the domestic content related to manufactured products which are components of a qualified facility, what is the scope of costs that should be included in making the determination if the 40% adjusted percentage for energy projects (excluding offshore wind facilities) (e.g., overall project cost, facility cost, construction or equipment, steelwork)?
- The IRS should clarify if the Buy America Act will be the guiding document for the domestic content requirements or how it may differ for the applicable credit.
- Where the majority of RNG today is used as a transportation fuel in the form of renewable compressed natural gas and renewable liquified natural gas, any guidance issued by the IRS should confirm whether there are domestic content requirements for production tax credits under § 45Z and how that might interact with any such requirements for obtaining investment credits for qualified biogas property under § 48.

Energy Communities

- We urge the IRS to provide a map or other resource to help taxpayers identify energy communities. With respect to brownfield sites, the IRS should allow taxpayers to use existing state or federal resources that identify brownfield sites for development, as well as giving taxpayers the opportunity to identify brownfield sites if not already listed.

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RNG Coalition appreciates the opportunity to submit these responses to the IRS's request for comments. Thank you for your consideration. If you have any questions on these comments, please do not hesitate to contact us.

Respectfully submitted,

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Coalition for Renewable Natural Gas