Minnesota Farmers Union

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

Re: Request for Comments on Credits for Clean Hydrogen and Clean Fuel Production, Notice 2022-58

Minnesota Farmers Union (MFU) is a grassroots general farm organization that has represented Minnesota's family farmers, ranchers and rural communities since 1918. Every year at our annual convention our members gather to adopt Special Orders of Business that set the key priorities for the organization to work on in the coming year. In November our members, representing farmers across Minnesota, voted to make "Investing in Climate Resilience" a priority for our work. This includes critical work to implement the Inflation Reduction Act (IRA) so that we can mitigate our contributions to climate change while also supporting fairness and stability for farm families. We appreciate the opportunity to provide these comments in response to Notice 2022-58.

MFU, along with our partners at National Farmers Union (NFU), has been a strong supporter of biofuels because they support rural communities through stable markets for commodities and local production of renewable fuels. MFU also sees significant opportunities for green hydrogen production in regard to cooperative ownership and locally produced farm inputs like fertilizer and fuels.

On 45Z, the Clean Fuels Production Credit, MFU supports allowing the use of Argonne National Laboratory's Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) model for lifecycle GHG calculations for all transportation fuels, including sustainable aviation fuel. We concur with NFU and encourage the IRS to work with the U.S. Department of Energy on use of the GREET model for IRA implementation.

We are also enthusiastic about the inclusion of climate-smart agriculture toward the calculation of clean fuels' carbon intensity. Many farmers are already taking action to reduce greenhouse gas emissions and sequester carbon in their soils through practices like no-till, cover cropping, and nutrient management. These practices can improve the greenhouse gas profile of feedstock for biofuels and create value throughout the supply chain, including back to the farmer. One benefit of this approach is the inclusion of early

adopters of climate-smart practices, who are often excluded from other climate programs like carbon markets.

Regarding 45V, the Clean Hydrogen Production Credit, we encourage flexibility in the rules to allow for the development of this emerging technology. MFU has been supportive of developing a regional, green hydrogen production ecosystem that can serve as an input for green nitrogen fertilizer (i.e. ammonia or urea), and also be used for other hard-to-decarbonize sectors.

In Morris, Minnesota, our colleagues at the University of Minnesota are demonstrating the ability to convert wind energy into hydrogen, and that hydrogen into usable, decarbonized fertilizer for agricultural production. With the investment in the Department of Energy's Hydrogen Hubs, as well as a state pilot grant program, we're working to ensure that these new facilities not only serve farm families but are cooperatively owned by them. The production of nitrogen fertilizer accounts for up to 2% of global greenhouse gas emissions, and fertilizer is also a heavily concentrated industry which leaves farmers exposed to anticompetitive practices. Investing in the capital costs of these green hydrogen production facilities will allow farmer cooperatives to be part of the green transition in a meaningful and economically beneficial way.

The current proposed rules for 45z may hinder the ability for investment in green hydrogen production by requiring hourly matching and new clean energy resources. Minnesota has already built out significant renewable energy resources and will continue to do so to meet the state's 100% clean energy by 2040 law passed last year. Ensuring flexibility in the rules around matching requirements as well as renewable energy resources will allow larger facilities to be built, but also for smaller, regional and farmer-owned projects to be part of this transition. These smaller, regional scale facilities have more trouble furnishing the up-front capital needed to comply with the proposed rules, but will be critical in helping reach the goals of robust rural economies and rapid decarbonization.

The Inflation Reduction Act presents a historic opportunity for rural communities and farm families to benefit from the green transition and be part of the solution to the challenge of climate change. MFU is grateful for the opportunity to comment on these proposed rules, and looks forward to continuing to work to in support of climate resilience. If you have any questions, please do not hesitate to reach out to our Climate and Working Lands Director, Ariel Kagan – ariel@mfu.org.

Sincerely,

Gary Wertish
President, Minnesota Farmers Union