

The Honorable Jennifer Granholm
Secretary of U.S. Department of Energy
1000 Independence Ave. SW
Washington DC 20585

The Honorable Janet Yellen
Secretary of the U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington DC 20220

January 26, 2023

Mesdames Secretaries,

In a June 2022 letter to National Climate Advisor Gina McCarthy about the Sustainable Aviation Fuel Grand Challenge, we as CEOs of leading environmental NGOs expressed our recommendations regarding the Biden administration's efforts to reduce climate emissions from the airline industry. We are wholly supportive of the administration's goal to reduce national climate emissions and to include aviation as a critical component of that effort.

The June letter outlined safeguards and criteria we believe must drive the country's efforts to develop Sustainable Aviation Fuels (SAFs) that provide genuine progress toward decarbonization without creating or exacerbating other national challenges, including rising food prices and land-use impacts.

We are writing today to reiterate those recommendations in the context of the administration's current efforts to devise the criteria for SAFs that will qualify for the tax credits afforded by the Inflation Reduction Act of 2022 (IRA).

The IRA has created an historic opportunity to address climate change and spark economic growth. This once-in-a-generation opportunity demands that we execute the president's vision with great care and precision. In short, we must get the details right.

These tax credits are perhaps the most powerful mechanism the administration will craft to accelerate the development and commercialization of aviation fuels that can drive aviation decarbonization not just within the U.S. airline industry, but globally. For that reason, it is essential the tax credit criteria incentivize fuels that produce the greatest climate emission reductions and are not granted to fuels that do not provide U.S. innovators the promise of global economic growth or that create food price inflation or land-degradation problems.

In this regard, granting tax credits to biofuels that divert crops from the food supply and cause direct and indirect land use impact is particularly problematic. Moreover, crop-based aviation fuel could also exacerbate global food prices, which are already straining American families and contributing to inflation.

For these tax credits to be a climate solution and an engine of innovation and economic growth, they should apply only to fuel solutions that truly deliver on both fronts.

That means delivering genuine climate benefits, which requires assessing and accounting for the full life-cycle climate impacts created by their production and use.

SAFs should meet strong sustainability standards and include safeguards against all negative effects on ecosystems and communities, including those that are not necessarily quantified in a lifecycle assessment. The sustainability principles and criteria outlined by the ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) include robust safeguards applicable along domestic and international supply chains. These are already one of the key requirements for SAFs in the IRA and the Administration needs to ensure that these are properly implemented to protect ecosystems and communities, and to create a global level-playing field. The Treasury Department and Internal Revenue Service recently issued initial guidance for calendar years 2023 and 2024 that rightfully and clearly directs claimants to seek certification from a CORSIA Approved Sustainability Certification Scheme to demonstrate compliance with the sustainability requirements of CORSIA. We welcome this development and encourage the Administration to ensure that any similar approach under consideration neither undermine nor fail to meet the level of protection CORSIA methodology guarantees.

Second, of great importance is ensuring that fuel feedstocks that threaten natural habitat and irreplaceable forests, grassland, or wetlands are excluded from the tax credit. It is critical that we not trade one environmental threat for another or put additional pressures on food prices. While the IRA includes the critical guardrails to prevent the deployment of unsustainable aviation fuels, significant guidance is necessary to ensure proper implementation and interpretation.

Finally, a robust sustainability framework is also crucial for ensuring that all SAF pathways compete on equal footing and that the IRA's performance-based incentives for SAF help channel investments efficiently. The tax credit can deliver meaningful value to emerging fuel pathways that offer deep GHG reductions and can be produced from abundant, low-impact feedstocks. For example, synthetic e-fuels made from additional renewable electricity and direct air capture of carbon are promising technologies that can be scaled sustainably. Moreover, these solutions have the potential to reach far beyond America's airline industry and fuel a new wave of American innovation, job growth and economic opportunity.

We look forward to following up with a more detailed letter addressing our concerns with lifecycle GHG modeling approaches that are being urged on the DOE that dramatically underestimate the land GHG emissions associated with the production of land-based feedstocks for aviation fuel.

We thank you for your leadership at the Departments of Energy and Treasury and are encouraged by your commitment to climate solutions. We and our organizations stand ready to assist your staff with additional information or insights that might help the administration implement the IRA.

Respectfully Yours,

FRED KRUPP
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cc: Pete Buttigieg, Secretary of Transportation
John Podesta, Senior Advisor to the President
Michael Regan, EPA Administrator