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November 29, 2024

Secretary Janet Yellen  
U.S. Department of the Treasury  
1500 Pennsylvania Ave. NW  
Washington D.C. 20220

Commissioner Danny Werfel  
Internal Revenue Service  
1500 Pennsylvania Ave. NW  
Washington, D.C. 20220

**Re: Section 45Z tax credit registration for RNG producers**

Dear Secretary Yellen and Commissioner Werfel:

Thank you for your work to implement clean energy tax provisions enacted through the Inflation Reduction Act (IRA). As a clean fuel producer, Gevo has provided input throughout the IRA implementation process, and we appreciate consideration of our comments provided to date.

Gevo produces clean fuels we expect will be eligible for the Section 45Z Clean Fuel Production Tax Credit in 2025, including renewable natural gas (RNG) produced in northwest Iowa. Gevo produces biogas from anaerobic digestion of dairy manure and produces RNG by cleaning and conditioning our biogas, often referred to as upgrading, to meet commercial natural gas pipeline specifications. By partnering with dairy farms, we produce low emission fuel by utilizing methane from livestock waste that would otherwise be emitted to the atmosphere, providing cleaner sustainable energy. Gevo's RNG is sold to an unrelated party and injected into and transported through the interconnected commercial natural gas pipeline system for distribution and use.

Gevo submitted Form 637 prior to the July deadline to register to claim the Section 45Z credit and subsequently provided additional information as requested by Internal Revenue Service (IRS) staff. Because Treasury's rulemaking for Section 45Z will ultimately determine eligibility to claim the credit, we respectfully request that Treasury ensure the rulemaking clarifies and confirms the RNG producer is the appropriate claimant of the credit for low-GHG natural gas, rather than the compressed natural gas (CNG) or liquefied natural gas (LNG) dispenser.

Section 45Z applies to "transportation fuel" (as defined in the statute) produced by the taxpayer at a qualified facility and sold by the taxpayer to an unrelated person for use by such person in a trade or business or who sells such fuel at retail to another person and places such fuel in the fuel tank of such other person. As the RNG producer, Gevo is the appropriate taxpayer to claim the Section 45Z credit. While Notice 2024-49 defined "low-GHG natural gas," which includes RNG, to mean compressed or liquefied gas that meets the specifications of ASTM International D8080-21 for purposes of registering with the IRS, it is Gevo's RNG facility that produces the "transportation fuel" and, therefore, should be the "qualified facility" for purposes of Section 45Z.

Typically, RNG is not compressed or liquefied to the full specifications of the cited ASTM standard until the point of injection into a vehicle. This last step of additional compression to meet ASTM does not involve transforming the feedstock or any further refining, purifying or upgrading of the

RNG. The RNG is a complete highway transportation fuel at the time it leaves the RNG production facility for pipeline transportation to the dispenser. Therefore, additional clarification is needed in the Section 45Z rulemaking to confirm that the RNG facility is the producer of the transportation fuel, while the dispenser is the party merely compressing or liquifying the RNG.

The qualified facility is the facility that engages in the production of the fuel and creates the actual low-carbon molecular fuel. The fuel being produced is RNG, which is a pipeline-quality vehicle fuel. The third-party CNG/LNG distributor or retailer undertakes a mechanical process to change the form of the RNG prior to its use in vehicles. However, compression and liquification do not change the chemistry of the RNG, and CNG/LNG facilities can also utilize fossil natural gas. As such, it is the RNG facility, not the downstream CNG/LNG distributor or retailer, who produces the transportation fuel. Since the fuel need only be “suitable for use” as fuel in a highway vehicle, there is no need to require a change in form for purposes of receiving the tax credit. RNG is a transportation fuel that is “suitable for use” in a highway vehicle when the RNG is of a commercial grade and is injected into a pipeline. Furthermore, awarding the credit at the point of compression is contrary to the goal of encouraging the production of these fuels.

Gevo encourages Treasury and IRS to clarify that the producer of the RNG, before the RNG is transported to the dispenser, is the entity eligible to claim the Section 45Z tax credit.

Thank you for Treasury’s efforts to implement Section 45Z and for the efforts of the IRS to process Form 637 applications to ensure taxpayers are registered prior to January 1, 2025. We appreciate your attention and consideration of our request for the Section 45Z rulemaking to confirm the RNG producer is the appropriate claimant of the credit for low-GHG natural gas.

Sincerely,

Kathy Bergren  
Director of Federal Government Relations  
Gevo, Inc.

