



April 6, 2026

Docket ID: IRS-2026-0133-0001 ---- REG-121244-23

**SAF Coalition Comments to Proposed Rule:
Section 45Z Clean Fuel Production Credit**

Submitted Via Federal eRulemaking Portal at <http://www.regulations.gov>

Introduction

The [SAF Coalition](#) is a nonprofit, nonpartisan coalition of airlines, domestic energy producers, manufacturers, technology developers, airports, and more, who share the objective of accelerating the development and deployment of sustainable aviation fuels (SAF) in the United States. The SAF Coalition currently has more than 50 members and represents the entire SAF value chain. The breadth and diversity of the coalition's membership are evidence of the deep support that SAF enjoys across many industries and stakeholders. A full list of SAF Coalition members is provided at the end of the below comments.

SAF represents an opportunity to support American energy dominance, American farmers, and U.S. technological and economic competitiveness through development of an industry that provides a significant future market for American feedstocks and job creation and would increase the domestic jet fuel supply to meet rising demand. We applaud the Trump Administration for issuing multiple Executive Orders in support of energy dominance and domestic production of U.S. biofuels to "unleash America's affordable and reliable energy and natural resources." Our comments align with these Executive Orders and the Administration's policies and priorities to facilitate increased production of American SAF.

The SAF Coalition appreciates Treasury and the IRS's proposed rule on 45Z and the significant undertaking that it has been to issue a proposed rule. We believe the proposed and final rule is critical to the success of the SAF industry and larger biofuels market. We believe that the proposed rules create clarity and, with resolution of a few issues, will be a positive direction in supporting growth and energy independence that can assist with mitigating the global oil price impacts currently affecting the U.S. market.

Final tax guidance is essential to creating the appropriate business environment that allows industries to fully execute current and future investments and build out of this new domestic energy source. The SAF Coalition strongly supports Treasury and IRS's work to publish proposed rules and expeditiously move to implementation of final rules for Section 45Z.

In the comments below, the SAF Coalition recommends one change to the proposed rule and a few areas of consideration for Treasury and IRS heading into implementation of final rules for Section 45Z—

1. Preserve feedstock neutrality while addressing double crediting: Treasury should include provisions to allow feedstocks like RNG and ethanol to be used to produce SAF so that they are able to claim the credit in a manner consistent with Congressional intent and the statute.
2. USDA Role in Feedstock Carbon Intensity: The SAF Coalition commends Treasury, USDA, and DOE working closely to include agricultural pathways in the carbon intensity calculations and encourages continued coordination to ensure completion of this effort.
3. Mass Balance Accounting: The SAF Coalition encourages Treasury and IRS to allow for RNG mass balance deliverability.
4. Additions to Emissions Rate Table & 45ZCF-GREET Model: The SAF Coalition recommends Treasury and IRS add eFuels to the forthcoming 2026 emissions rate table and strongly encourages DOE to add eFuels as pathways in the next iteration of the 45ZCF-GREET model, as described more fully below.
5. Provisional Emissions Rate (PER) Process: The SAF Coalition requests that Treasury and IRS urge DOE to issue guidance to fully implement the PER process.

Preserve Feedstock Neutrality While Addressing Double Crediting

The proposed rule seeks to prevent double crediting by ensuring that only the one transportation fuel in a production chain qualifies for a Section 45Z credit. This objective is consistent with the *One Big Beautiful Bill Act* (P.L. 119-21), which amended the definition of transportation fuel to exclude fuel “produced from a fuel for which a credit under this section is allowable.” The SAF Coalition supports the Congressional intent to prevent double crediting in situation in which both a feedstock producer and fuel producer could claim the Section 45Z credit.

In implementing the *One Big Beautiful Bill Act*, the proposed rule defines the term “produced from a fuel for which a section 45Z credit is allowable,” as used in section 45Z(d)(5)(A)(iv), “to mean that a fuel has a primary feedstock that meets the definition of a transportation fuel under section 45Z.”¹

The proposed rule also removes a provision in IRS Notice 2025-10 that excluded sales as feedstocks from the definition of “qualified sale.” That provision included an example illustrating how double crediting would be prevented for SAF derived from ethanol. Under that example, the SAF would be eligible for the credit, while the ethanol would be ineligible.

The SAF Coalition supports the objectives of the *One Big Beautiful Bill Act* and the proposed rule to prevent double crediting. However, the SAF Coalition is concerned that the proposed regulations are unnecessarily restrictive and may inadvertently limit SAF production that relies on otherwise eligible, and abundant, feedstocks, such as RNG, ethanol, or methanol. In enacting and extending Section 45Z, Congress intentionally maintained a feedstock-neutral approach. We are concerned that the proposed rule could undermine this objective by unintentionally disfavoring certain SAF production pathways that rely on chemical intermediates that may otherwise qualify as transportation fuels.

¹ 91 Fed. Reg. 5160, 5167.

The SAF Coalition appreciates Treasury and IRS's efforts to preserve the integrity of Section 45Z by prohibiting double crediting. The SAF Coalition recommends that Treasury and IRS restore the exclusion of feedstock sales from the definition of qualified sale to prevent double crediting and ensure that such feedstocks do not independently qualify for the Section 45Z credit. This approach would allow fuels derived from these feedstocks to qualify as transportation fuels, consistent with the *One Big Beautiful Bill Act*.

To implement such a change, we propose to (1) restore the exclusion of feedstock sales from the definition of qualified sale and (2) modify the definition of “produced from a fuel for which a credit under this section is allowable” as shown below:

(1) Modify the definition qualified sale in (1)(b)(29)(ii) as follows:

(ii) *Sold for use in a trade or business.* The term *sold for use in a trade or business* means sold for use in a trade or business, with *trade or business* having the same meaning as in section 162 of the Code. The term *sold for use in a trade or business* includes fuel sold to an unrelated person that subsequently resells the fuel in its trade or business. The term does not include a sale for blending or a sale to a purchaser that sells the fuel at retail to another person and places the fuel in the fuel tank of such other person. The term also does not include a sale that is designated by the seller as a sale for use as a primary feedstock to produce another fuel.

(2) Modify the definition in (1)(b)(34)(iii) to align with this approach:

A fuel is *produced from a fuel for which a section 45Z credit is allowable* if ~~a primary feedstock of the fuel from which the second fuel was derived~~ meets the definition of a transportation fuel under paragraph (b)(34)(i) of this section, without regard to paragraph (b)(34)(i)(D) of this section, and the first fuel was sold in a qualified sale.

Under this approach, sales as feedstocks would not constitute qualified sales and therefore the credit would not be “allowable” for these feedstocks. SAF could then be produced from these feedstocks without any concern regarding double crediting and consistent with the *One Big Beautiful Bill Act*, because the credit would not be allowable for the feedstock. This approach remains feedstock- and technology-neutral while implementing the intent of the *One Big Beautiful Bill Act* and the proposed rule to prevent double crediting.

The SAF Coalition appreciates the changes to the definition of “qualified sale” and the elimination of the requirement for sale “for use as a fuel.” These important changes would continue under the proposed changes above and the overall approach would better align with the concept of allowability in the confines of the Section 45Z credit.

USDA Role in Feedstock Carbon Intensity

The proposed rule references the US Department of Agriculture publishing a beta version of the USDA Feedstock Carbon Intensity Calculator (USDA FD-CIC) that is undergoing testing, peer review, and public comment in preparation for the publication of a final version of the USDA FD-CIC.² The SAF Coalition commends the USDA's work to develop a system to account for agricultural practices, and we urge Treasury and IRS to work with USDA to transmit and process the final version of the USDA FD-CIC through Office and Management and Budget (OMB) review for publication.

The SAF Coalition is encouraged by the proposed rule's reference to incorporating the USDA FD-CIC as an input into the DOE's 45ZCF-GREET model to calculate carbon intensity adjustments for feedstocks produced using certain agricultural practices, such as no till, reduced till, cover crops and nutrient management.³ The SAF Coalition strongly supports maintaining agricultural practices as a component of the Section 45Z credit and asks that Treasury, USDA, and DOE work closely to include this pathway in the carbon intensity calculations as soon as possible. The SAF Coalition also recommends that Treasury and IRS coordinate with USDA to explicitly incorporate intermediate crops and Practice Standard 328 – Conservation Crop Rotation on the list of agricultural practices.

Lastly, the SAF Coalition underscores the importance of incorporating USDA's FD-CIC methodology in the carbon intensity calculations, as it applies the latest evidence to agricultural emissions. The SAF Coalition strongly urges Treasury and IRS to use USDA's FD-CIC model when finalizing rules for Section 45Z credit.

Mass Balance Accounting

The SAF Coalition is feedstock- and technology-neutral and supports all feedstocks and SAF production methods. With respect to RNG, the SAF Coalition encourages Treasury and IRS to allow mass balance deliverability for RNG. The SAF Coalition supports incorporating a mass balance approach and allowing for documentation and tracking systems similar to those used for the Renewable Fuel Standard to verify sales and deliveries of RNG. Given the unique properties of RNG as a feedstock, RNG is unable to have large scale production co-located with RNG feedstock, which necessitates mass balance deliverability.

Additions to Emissions Rate Table & 45ZCF-GREET Model

Section 45Z(b)(1)(B)(i) directs the Secretary of the Treasury, subject to Section 45Z(b)(1)(B)(ii) and (iii), to annually publish a table that sets forth the emissions rates for similar types and categories of transportation fuels based on lifecycle greenhouse gas emissions. Notice 2025-11 included an initial table of emissions rates but did not include eFuels pathways.

² 91 Fed. Reg. 5172.

³ 91 Fed. Reg. 5172.

Treasury and IRS should add eFuels pathways to the forthcoming emissions rate table for 2026, and at the same time we strongly encourage DOE to include eFuels as pathways in the next iteration of the 45ZCF-GREET model, as follows:

| Type of Fuel | Category of Fuel | | Determination of Emissions Rate (calculated to be expressed in kg of CO ₂ e/mmBTU) |
|---------------------------------|--|-----------------------|---|
| | Pathway (Production/Conversion Process) | Primary Feedstock | |
| Diesel | eFuel via Fischer-Tropsch | Waste CO ₂ | Calculate using the most recent determinations under the 45ZCF-GREET model. |
| Naphtha | eFuel via Fischer-Tropsch | Waste CO ₂ | Calculate using the most recent determinations under the 45ZCF-GREET model. |
| Sustainable Aviation Fuel (SAF) | eFuel via Fischer-Tropsch | Waste CO ₂ | Calculate using one of the following: 1) the most recent determinations under the 45ZCF-GREET model or 2) the most recent version of CORSIA Default or CORSIA Actual. |

DOE currently has the technical information necessary to add eFuels to the 45ZCF-GREET model. These efuels have straightforward inputs and technologies and can be modeled using GREET for both SAF and non-SAF transportation fuels (such as diesel and naphtha). In fact, Argonne’s R&D GREET already includes several eFuel production pathways, including based on Fischer-Tropsch fuel production with waste CO₂ feedstock, which can be readily modified and incorporated into the 45ZCF-GREET model. Commercial volumes of eFuels are being produced via this pathway in the U.S. today and are being used in on-road applications, and SAF Coalition member companies are poised to start producing eSAF for the aviation sector, too.

In addition, the emissions rate table should incorporate additional feedstocks that are used in Alcohol-to-Jet production. In particular, ethanol that is used to make Alcohol-to-Jet should include feedstocks of: separated food wastes (such as waste starch slurry and dairy permeate), and agricultural wastes (such as corn kernel fiber and bagasse). These are important feedstocks that provide lower carbon intensities that will facilitate SAF to meet the values to qualify for the section 45Z credit.

Provisional Emissions Rate (PER) Process

For certain fuels—what the proposed rule refers to as “eligible fuels”—it is imperative that Treasury, IRS, and DOE issue guidance in an expeditious manner to fully implement the PER process. SAF producers need certainty as to whether their pathway qualifies for a section 45Z credit and the amount of the credit in order to move forward with business decisions related to production of SAF.

This is significant considering the limited list of eligible pathways and feedstocks published in the 2025 emissions rate table. For instance, there are no pathways for SAF produced from a range of feedstocks such as municipal, forestry and agricultural wastes using technologies approved by ASTM, no pathways for eFuels produced from the non-biological feedstocks hydrogen and carbon dioxide (which can utilize any type of hydrogen and CO₂ from any sources), and many other novel combinations of feedstocks, and pathway technologies. Without a functioning PER process, these feedstocks may be effectively ineligible, which was not the intent of Congress.

Proposed section 1.45Z-2(f)(3) states that “[t]he DOE will publish specific guidance and procedures for an EV [emissions value] applicant to submit an EVR [emissions value request] to the DOE,” and also refers to “DOE’s Section 45Z EVR process instructions.” While the proposed rule provides helpful details on “the scope and mechanics of the PER process,”⁴ nowhere in the proposal does the IRS indicate when the DOE guidance, procedures, and instructions will be issued. Although it is not expressly stated in the NPRM as was done in Notice 2025-11,⁵ it seems quite clear that until DOE “separately publish[es]” its guidance, procedures, and instructions for submitting an EVR,⁶ the PER process is not and will not be open.

The SAF Coalition therefore requests that the IRS and Treasury urge DOE to publish the EVR guidance, procedures, and instructions and open the EVR portion of the process as quickly as possible. We strongly request that there not be a time lag similar to what occurred under the section 45V clean hydrogen production credit, where DOE did not open the analogous EVR process until just over nine months after the IRS published its

⁴ 91 FR at 5172.

⁵ In Notice 2025-11, the IRS asserted that it “will not accept requests for PER determinations for the § 45Z credit, and the DOE will not issue emissions values, until after such guidance is published.” Notice 2025-11, at 10; see also 90 FR 34855 (July 24, 2025) (DOE Federal Register notice stating the same).

⁶ 91 FR at 5173.

proposed rule on the section 45V implementing regulations.⁷ Instead, the section 45Z EVR process should be opened expeditiously for producers of eligible fuels, particularly as it has been well over a year since the IRS first indicated that guidance on the PER process was forthcoming.⁸

Moreover, the process should include the following features:

- Establish a maximum review period after which an application is deemed approved at the requested emissions rate. The SAF Coalition recommends a primary 30-day review period. If the DOE requests feedback from applicants during this period, notwithstanding any communication between the applicant and DOE during this primary review, applicants shall have 15 days after the close of the initial period to provide any final materials to DOE. DOE shall have a final 15 day period to review applicant materials.
- Provide for transparency and communication between applicants and DOE reviewers.
- Leverage qualified certifiers to prepare or pre-approve PER applications for expedited review.
- Accept and leverage for expedited review pathways from state and international programs.
- Accept all modeling platforms as a basis for the PER including various GREET models that have the necessary flexibility and range of inputs needed for the unique circumstances that by definition must apply to a PER applicant.
- Establish an appeal process.
- Decisions should weigh in the favor of the taxpayer and DOE reviews should presumptively accept taxpayer baselines and data to be appropriate.

The PER process should also be aligned with USDA and DOE, enabling use of the full array of GREET modeling tools and regenerative agriculture practices incorporated in the USDA Carbon Intensity Calculator to help users capture the unique features of their projects for evaluation.

Conclusion

The SAF Coalition appreciates the opportunity to comment on the proposed Section 45Z rule. We respectfully request Treasury and IRS to continue their diligent efforts to support U.S. economic and technological competitiveness through rules that promote all technologies and feedstocks for SAF production.

⁷ See DOE, “Department of Energy Opens Emissions Value Request Process for Clean Hydrogen Production” (Sept. 30, 2024), available at <https://content.govdelivery.com/accounts/USEERE/bulletins/3b909a9>; 90 FR 80898 (Oct. 4, 2024) (DOE Federal Register notice announcing opening of the 45V EVR process).

⁸ See Notice 2025-11, at 10; Notice 2025-10, at 13.

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