NATIONAL ASSOCIATION OF
Manufacturers

Rachel Jones
Vice President
Energy & Resources Policy

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Mr. John Morton
Climate Counselor to the Secretary
Department of Treasury
1500 Pennsylvania Ave., NW
Washington, DC, 20220

Ms. Lily Batchelder
Assistant Secretary, Office of Tax Policy
Department of Treasury
1500 Pennsylvania Ave., NW, Room 3120
Washington, DC, 20220

Re: Department of Treasury, Internal Revenue Service Open Public Comment on Implementing the Inflation Reduction Act's Clean Energy Tax Incentives

Manufacturers have outpaced the federal government in making smart investments to innovate and implement solutions the U.S. and the world need to address climate change. Manufacturers are developing new technologies that make energy cleaner, more affordable and reliable with each passing year. The clean energy, advanced manufacturing and climate incentives in the Inflation Reduction Act invest $369 billion in addressing climate change, including $270 billion through tax incentives. These opportunities create the potential to put the nation's climate goals within reach, if they can leverage private sector ingenuity, expertise and capital and be implemented quickly, with transparency and inclusivity.

It is essential that Treasury and the IRS quickly address the critical details of how each of these incentives will work in tandem with clean energy and advanced manufacturing projects that have already begun and those that have yet to be conceived. It would be shortsighted to implement guidance and rules that exclude or indirectly penalize manufacturers that are already making significant capital investments in clean energy projects. These manufacturers are not only first-movers that have led by example, but also possess the greatest expertise in moving innovation from the lab to the real world. Projects of the scale, scope and complexity that these provisions envision require highly technical and often specialized permitting, finance, logistics and even workforce expertise that can often be found only in those that have done it.

It is also essential that Treasury provide added clarity and flexibility to ensure full use of these incentives in a way that quickly brings new private capital to bear, while ensuring that the implementation process does not create an artificial pause in the work that is already underway. Manufacturers have been and continue to lead our nation's climate change efforts and as even more clean energy and advanced manufacturing projects are begun in the weeks and months ahead, it is critical to provide additional certainty on credit qualification to projects that break ground before final rules and guidance are issued.

Simplicity and certainty are central principles to federal tax policy, so Treasury and IRS should move quickly to implement these and other clean energy and climate tax provisions while maintaining the highest levels of engagement with manufacturers. Transparency and clarity coupled with commonsense flexibility and streamlining will bring certainty while speeding the effective and efficient use of taxpayer funds. These must remain the central priorities in writing and issuing Notices, opinion letters, guidance, rules and other implementation actions.

Since before these provisions became law, the NAM has engaged with our thousands of member companies across the country to identify top priorities and areas for quick action. In particular, our latest survey reveals that the Advanced Manufacturing Production Credit (45X) is currently a top priority credit followed closely by the Carbon Sequestration Tax Credit and Expansion (45Q), Clean Hydrogen Production Tax Credit (45V), Advanced Energy Project Tax Credit (45C), Clean Vehicle Tax Credit (30D) and Clean Energy PTC and ITC Extensions and Changes (45, 48). There are numerous provisions in each that require detailed consultation across various manufacturing supply chains. Our members continue to seek opportunities for more in-depth interaction with Treasury staff and also seek a better understanding of timelines for offering more detailed input. Without this it can be challenging for manufacturers to navigate avenues for input or to dedicate the time of an already over-extended workforce. This is especially challenging for the 90% of our members who are small and medium-sized businesses.

All regulations, including effective tax policy, should be written in plain understandable language. Therefore, clear definitions and qualifications for all clean energy and climate tax credits are imperative. More specifically, this means transparent and precise definitions for terms like “qualified facility,” “beginning of construction,” “manufactured product,” “manufacturing process,” “production” and “produced.” To build on this request, we also encourage the use of the Agency’s own tax credit guidance, rules and procedures. Additionally, there is a strong need for a deeper understanding of how the Credit Enhancements, coordination between 45Q and 45V credits, prevailing wage, apprenticeship, domestic content and energy community requirements would function and be verified across all credits to which they apply. Again, we encourage leveraging existing laws and regulations established by other federal government agencies to ensure certainty and consistency, where appropriate.

Robust and broad public engagement during the development of guidance and rulemaking is in the public interest. To meet our shared goals, including achieving meaningful emissions reductions, Treasury and the IRS should maintain an open line of communication with the NAM’s members of all sizes and sectors. Without thoughtful engagement with manufacturers, the clean energy and climate incentives could have the opposite of intended results, and in some cases projects could stall, communities will face further disappointment, energy security will be jeopardized and climate goals will go unmet.

Finally, effective regulations and tax policies have the greatest chance of success when there is strong interagency coordination and cooperation. The NAM also continues to implore Treasury to leverage expertise across the entire federal family including at the Department of Energy, Federal Energy Regulatory Commission, North American Reliability Corporation, Nuclear Regulatory Commission, Environmental Protection Agency, U.S. Geological Survey, Army Corps of Engineers, Department of Commerce, Department of Defense and even with agencies like the National Aeronautics and Space Administration that have decades of expertise in bringing transformative innovations to scale. Working closely with other departments and agencies to carefully tailor and pace regulatory and permitting actions they take will be key to successful implementation of this incentives-based approach to climate leadership.

The NAM appreciates the opportunity to engage with Treasury and the IRS on these six initial Notices. Manufacturers look forward to continuous and robust engagement through roundtable and community opportunities as well as future Notices to ensure that IRA energy and climate incentives are effectively and efficiently implemented.

Manufacturers embrace our role in helping to protect our planet and to build a sustainable and strong economy. The industry is already leading the way forward. Complicated work awaits policymakers, but there are steps that they can take right away, and manufacturers will lend our support. Inaction is not an option. Delay will only make the solutions more difficult.

Sincerely,

Rachel Jones
Vice President
Energy & Resources Policy