Section 45Z Clean Fuel Production Credit: National Pork Producers Council Comments on Internal Revenue Service Proposed Regulations



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The National Pork Producers Council ("NPPC") submitted comments on the United States Department of Treasury and Internal Revenue Service (collectively, "IRS") rules published in February regarding the Clean Fuel Production Tax Credit ("PTC") under Section 45Z of the Internal Revenue Code.

The proposed regulations can be relied upon until they are finalized if the taxpayer is guided by them in their entirety and in a consistent manner.

The proposed rules address how to determine clean fuel production credits including:

- Credit eligibility rules.
- Emission rates.
- Certification requirements.
- Registration requirements.
- Elective payment and credit transferability.

The Section 45Z PTC was enacted as part of the Inflation Reduction Act of 2022. The PTC replaced the previous renewable fuel incentives. The objective is to incentivize domestic production of lower carbon alternatives to petroleum-based fuels.

The One Big Beautiful Bill enacted in 2025 extended and modified the credit. It is based on the quantity of clean fuel produced and sold by a domestic producer. The domestic producer must chemically process feedstocks into finished fuel during the time period of January 1, 2025, to December 31, 2027.

NPPC describes its organization as a:

… global voice for the U.S. pork industry and consists of 43 affiliated state organizations representing America's 66,000 pig farmers who supply demonstrably safe, wholesome, and nutritious product appreciated on American and international tables.

The organization states that since at least Congress's passage of the Energy Independence and Security Act, it has been a consistent, serious, and credible stakeholder in the process of developing new sources of renewable domestic energy. Further, it states that:

- Pork producers have consistently been supportive of new opportunities for expanding rural economies, balanced, of course, with the pressing need to manage volatility in the marketplace.

- Ensuring sufficient supplies of grain for all users to maintain the overriding need to continue to produce affordable nutritious food for American consumers must always remain a priority.
- The pork industry's past support, and criticism, of renewable energy programs has always been based on deep and serious analysis of the programs.
- Pig farmers see enormous potential in the 45Z program, not only to create new revenue streams for their operations but to finally recognize the economic and ecological value of the manure their animals produce.
- Swine manure is a superior soil conditioner, and its use as a natural fertilizer represents one of humanity's oldest closed-loop system.
- NPPC desires to avoid a repeat of the disastrous rollout of the RFS II, citing market volatility and shortages it produced in the early 2010's, exacerbated by a major drought which triggered a severe economic crisis for the U.S. pork industry.

NPPC states that the proposed rule in its current form:

- Makes it impossible for the pork industry to provide meaningful, well-informed comments on how the program will operate in practice, citing the regulations are lacking:
- Updated 45ZCF-GREET model and, more importantly.
- Updated USDA Feedstock Carbon Intensity Calculator that complies with the requirements in the One Big Beautiful Bill Act to recognize the environmental value of manure as a crop nutrient and soil conditioner.

NPPC takes no position on the proposed rule, arguing that it cannot meaningfully evaluate or comment on the full impact of the 45Z framework because the two critical analytical tools central to the proposed program's operation, the updated 45ZCF-GREET model and the FD-CIC have not been finalized or made available in a form that allows stakeholders to model real-world outcomes. Therefore, the organization asks that the IRS withhold final action on the rulemaking and reopen the comment period once these tools are published and stakeholders have had adequate time to evaluate them.

Components of the comments include:

- The Proposed Rule Acknowledges Its Own Dependence on Tools That Do Not Yet Exist.
- Livestock Producers Face Particular Uncertainty.
- Delayed Tools Create Real Economic Harm.

A copy of the comments can be found here.