



Phil Cochrane

Head of State Government Affairs & Third Party Advocacy
Communications & External Affairs

bp America, Inc.
80 M Street S.E.
Washington D.C. 20003
USA

Direct: 907-903-7823
phil.cochrane@bp.com

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David Harris
Director
Illinois Department of Revenue
Suite 7-500, Willard Ice Building
101 West Jefferson Street
Springfield, IL 62702

Director Harris,

Thank you for the opportunity to discuss implementation of the Sustainable Aviation Fuel (SAF) Purchase Credit, created by P.A. 102-1125. bp's ambition is to be a net zero company by 2050 or sooner, and help the world get there, too. That is why we support policies like this to get these products to market. The SAF credit will play an important role in helping to decarbonize the aviation sector.

bp supports a fast and practical implementation of the SAF credit. Critical to swift implementation is identifying methodologies that satisfy the compliance obligations under the law, specifically verification that the fuel meets the definition in 35 ILCS 105/3-87(b) and assurance air carriers use SAF in Illinois. Third party verification is available as a means for the certifying these requirements. Here are a few suggestions for certification options:

Definition of "Sustainable Aviation Fuel"

IRS 40B. Fuel that meets the criteria set forth in subsections (d) and (e) of Section 40B are eligible for the credit. The IRS has several model documents in notice 2023-06¹ that provide a clear paper trail the Illinois Department of Revenue (IDOR) could use to verify the fuel meets the requirements of the SAF purchase credit. Note that this credit is currently set to expire December 31, 2024, to be replaced by IRS 45Z.

Third Party Verification. 35 ILCS 105/3-87(b) sets forth four requirements that fuels must meet to qualify for the SAF purchase credit. bp would recommend that IDOR utilize a certificate similar to the "Model Certificate for SAF Synthetic Blending Component" provided in IRS notice 2023-06² where the supplier would certify requirements (1), (2), and (3), and would provide details to meet requirement (4) via third party verification on lifecycle greenhouse gas emissions using one of the following two methods:

Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Sustainability Certification Scheme (SCS). CORSIA is a global market-based environmental policy measure developed by the International Civil Aviation Organization (ICAO) to reduce CO2 emissions in aviation. CORSIA measures greenhouse gas carbon intensity, supply chain traceability, and other

¹ Notice 2023-06, Sustainable Aviation Fuel Credit; Registration; Certificates; Request for Public Comments ([irs.gov](https://www.irs.gov)), Appendix A through C.

² Ibid, Appendix B.



unique processes. Importantly, CORSIA includes guidelines for measuring, reporting and certifying results. That is why the CORSIA methodology should be adopted in its entirety, not just the lifecycle emissions and land use change value attributes as described in Section 3-87(b)(4)(A). As well, only organizations recognized by the ICAO as CORSIA SCS should be allowed to provide CORSIA certification³. This certification ensures eligible fuel producers are delivering the expected results and providing assurance to market participants that the fuel certified by the CORSIA SCS can be used to qualify for the tax incentives under Section 3-87(b) of P.A. 102-1125.

Greenhouse gases, Regulated Emissions, and Energy use in Technologies Model (GREET) coupled with a California Air Resources Board (CARB) verification approach. Developed by Argonne National Laboratory, the GREET model is a tool that simulates the energy use and emissions output of various vehicle and fuel combinations. The GREET model is a useful tool to measure greenhouse gas emissions but does not include important traceability and audit processes to verify the fuels are delivering expected results. bp suggests that fuels modeled under GREET also receive certification from verification bodies accredited by, for example, the CARB list of accredited verification bodies⁴.

Both CORSIA and CARB maintain lists of parties qualified to demonstrate compliance. Requiring that SAF obtain the full CORSIA SCS certification or GREET with CARB approved accreditation verification will provide air carriers confidence they are purchasing fuel compliant with Illinois law while establishing a set of standards for suppliers for fuel production. This also provides IDOR with a straightforward compliance check when auditing air carriers.

SAF Physically Used in Illinois

In order to ensure the SAF qualifying under this tax credit is used in Illinois, IDOR should require air carriers to provide documentation that the fuel was used in Illinois. bp suggests IDOR require a product transfer document or evidence of delivery to an Illinois facility that is also supported by an appropriate verification method such as carbon-14 testing.

bp believes these suggestions can be incorporated into a rule for successful program operation. However, additional legislation will be needed to further define this program. For example, the legislation does not have an annual revenue cap. bp suggests a cap of \$100 - \$150 million annually to provide market certainty and robust use of SAF in Illinois. It will also be important to align program commencement dates.

Thank you for your consideration. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Phil Cochrane

³ <https://www.icao.int/environmental-protection/CORSIA/Documents/ICAO%20document%2004%20-%20Approved%20SCSs.pdf>

⁴ <https://ww2.arb.ca.gov/sites/default/files/2022-11/List%20of%20Accredited%20Verification%20Bodies%20as%20of%2011-4-2022%20-%20%20UPDATED.xlsx> or <https://ww2.arb.ca.gov/lcfs-verification>