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July 24, 2023

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Re: Requesting clarification on the definition of aluminum in IRA 45X

Dear Secretary Yellen:

We ask the Department to issue a notice clarifying that commercial grade primary aluminum can qualify for the Inflation Reduction Act Section 45X, the Advanced Manufacturing Tax Credit (AMTC). The IRA defines aluminum as converted from bauxite; however, alumina is converted from bauxite, not aluminum, and therefore the 45X tax credit as written could be read to apply only to the refining of alumina and, as a result, not benefit domestic primary aluminum producers.

The Energy Security Leadership Council (ESLC) was founded in 2006 with the late General P.X. Kelley (Ret.), 28th Commandant of the U.S. Marine Corps, and Frederick W. Smith, Chairman of the FedEx Corporation, to bring together a bipartisan group of business and former military leaders to advocate for improving U.S. energy and national security by producing and using diverse domestic fuel sources for transportation.

Our mission is to ensure that the United States not only continues to improve its energy security and reduce its dependence on a single fuel source, but also prevent new dependencies and strengthen U.S. commercial and defense industrial bases for national security, economic prosperity, and open society.

We believe aluminum use is vital to the clean energy transition, a key component for electric vehicles, solar panels, transmission lines, and countless other tools of the clean energy future. It is also critical for national security so that we have control over our supply chains. By increasing primary aluminum production in the U.S., we can create stable, good paying jobs and see the industry revitalized and growing.

However, in recent years, domestic primary aluminum smelters have closed their doors, eliminating good-paying jobs, as new smelters have opened in countries with higher pollution and lower wages. Now more than ever, we need to revitalize the U.S. aluminum industry to ensure we meet our climate, jobs, and national security goals.

We know your team at Treasury and the Internal Revenue Service are working hard to review stakeholder comments and issue timely regulatory guidance on key tax provisions in the IRA. This is critical so industry can make confident decisions to invest in industrial production, grow jobs, and advance clean energy innovations here in the United States.

The AMTC could provide millions of dollars of tax credits that could help U.S. aluminum smelters cut costs, boost efficiency, reduce emissions, and increase global competitiveness. But only if the definition of the term “aluminum” includes primary production of commercial grade aluminum.

“(A) ALUMINUM.—Aluminum which is— (i) converted from bauxite to a minimum purity of 99 percent alumina by mass, or (ii) purified to a minimum purity of 99.9 percent aluminum by mass.”

With this language, it appears the intent was to protect the current base of domestic aluminum smelters. As such, domestically produced aluminum should qualify for this credit, provided it is either high purity (99.9% pure, on a pre-alloyed basis, under (ii)), or is of commercial grade (99.7% pure, on a pre-alloyed basis) and made from alumina measured at a purity of 99% prior to smelting (under (i)).

We suggest Treasury consider issuing the following notice: To reflect the aluminum production process, regulations should clarify that aluminum is either (i) converted from alumina (Al₂O₃) with minimum purity of 99% percent by mass on a fired basis or (ii) purified to a minimum purity of 99.9 percent aluminum by mass as primary metal (pre-alloying).

Thank you again for your team’s work to implement this important law as quickly and as accurately as possible.

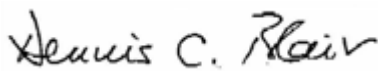
Sincerely,



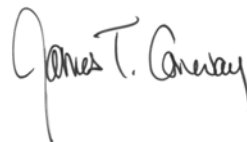
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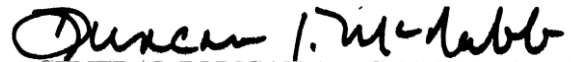
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