



Battery Materials & Technology Coalition Response to the Treasury Department's Request for Comment on Credits for Clean Vehicles

The Battery Materials & Technology Coalition (BMTC) is writing to inform the Department of the Treasury's (Treasury) implementation and administration of the Inflation Reduction Act's (IRA) 30D Clean Vehicle Credit. BMTC appreciates the opportunity to respond to this request for comment (RFC). Please contact Emma Bishop, Assistant Vice President at Venn Strategies, if you have any questions about BMTC or this response at ebishop@vennstrategies.com.

I. Introduction to BMTC

The Battery Materials & Technology Coalition is comprised of sixteen companies that mine, extract, process, manufacture, and recycle battery materials, as well as develop cathode, anode, cell, pack, and battery technologies. BMTC companies are united behind a shared interest in growing a resilient and sustainable North American battery supply chain that ensures governments and private industry across North America seize the opportunity to secure the supply chains that power our way of life. To learn more about BMTC visit our website at batterymaterials.org.

Many BMTC members are also submitting responses to Treasury's request for comments on implementation of the IRA. We encourage Treasury to review and consider these responses as well. The following are BMTC members: Anovion Battery Materials, Cirba Solutions, EnerSys, Forge Nano, Hemlock Semiconductor, KORE Power, Li-Cycle, Nouveau Monde Graphite, NOVONIX, Piedmont Lithium, REC Silicon, Sila Nanotechnologies, South32, Standard Lithium, Talon Metals Corp, and Westwater Resources.

II. Inflation Reduction Act Priorities

The Inflation Reduction Act's \$369 billion investment in key infrastructure and climate initiatives represents a monumental commitment to scaling the industries critical to U.S. security and the economy. Specifically, the production tax credit (45X) for critical minerals and battery components, expansion of the 48C advanced energy project credit, and content requirements for the clean vehicle credit (30D) will significantly expedite and bolster the development of a domestic battery supply chain. As Treasury implements these tax incentives it is crucial that the domestic industry and workforce serve as the backbone of U.S. climate goals, economic growth, and national security.

BMTC has three key recommendations for Treasury's implementation of the IRA:

1. **45X Critical Mineral Value and Eligibility:** BMTC asks that Treasury provide clarity on defining and calculating the production cost for critical minerals under 45X. As intended by Congress, the coalition urges Treasury to include the cost of raw material inputs and enhancements in the total value calculation of an eligible mineral. In addition, BMTC believes the intent of the language under 45X and the definition of critical minerals includes mined, extracted, processed, and reprocessed minerals. This is because mining, extracting, and recycling all serve as inputs to a critical mineral "which is... converted or purified" to the extent required by the law. BMTC

asks that Treasury provide clarity that mined, extracted, processed, and recycled minerals are eligible for the credit.

- **Recycled Content Eligibility Under 45X:** Specifically, BMTC encourages Treasury to clarify that recycled battery minerals are eligible under 45X as qualified critical minerals. This could be as an input to converted or purified critical minerals, or as the converted or purified material e.g., battery black mass.
- 2. **Performance Enhancing Materials:** To ensure that these tax credits are impactful for current and future battery technologies, purity requirements should not discourage the use of performance-enhancing materials such as silicon, which are used to improve critical mineral and battery component performance. Performance-enhancing materials are fundamentally distinct from and should not be treated as impurities. This is relevant to 45X and 30D definitions of critical minerals.
- 3. **Defining Battery Components Under 30D:** The definition of eligible battery components under 30D must include all components in a battery cell, as well as all components in a battery pack, to ensure the U.S. is not dependent on or supporting component manufacturing by foreign entities of concern. This includes anodes, cathodes, separators, cells, packs, battery management systems, and more.

III. BMTC Responses to Treasury's RFC Questions 30D

(2) Critical Minerals. Section 30D(e)(1) provides the new critical minerals requirements, including the applicable percentage requirements to be phased in over several years.

(c) What factors and definitions should be considered to determine (i) the total value of the critical minerals contained in a vehicle's battery, and (ii) the percentage of that total value attributable to critical minerals (I) extracted or processed in the United States or a country with which the United States has a free trade agreement in effect, or (II) recycled in North America?

To create more regulatory symmetry, BMTC encourages Treasury to apply the same requirements to 45X and 30D – defining the value of a critical mineral to include the cost of input materials, including raw materials, recycled materials, and material enhancements. Treasury must consider the inputs to critical minerals in administering and implementing 45X and 30D to ensure foreign entities of concern do not benefit from incentives under IRA. As is made clear in the legislation, this applies to the defined applicable critical minerals.

(3) Battery Components. Section 30D(e)(2) provides the new battery component requirements, including the applicable percentage requirements to be phased in over several years.

(a) What factors should be considered in defining the components of a battery of a clean vehicle?

To ensure 30D is diligently implemented to avoid loopholes for foreign materials and to encourage greater domestic battery manufacturing, eligible battery components must be defined clearly to include all components within a battery. BMTC recommends defining eligible components at both the cell level (to capture anodes, cathodes, separators, electrolytes) and at the pack level (to capture cells, modules, the battery management system, and more). A stringent and detailed approach to this definition is necessary to best support domestic battery component manufacturing, and to prohibit foreign entities of concern from benefiting from the credit.

(5) Foreign Entity of Concern. Section 30D(d)(7) provides that some vehicles are excluded from the availability of the credit, including when any of the applicable critical minerals contained in the battery were extracted, processed, or recycled by a foreign entity of concern (defined in 42 U.S.C. 18741(a)(5)), or if any of the components contained in the battery of such vehicle were manufactured or assembled by a foreign entity of concern.

(a) Is guidance needed to clarify the definition of “foreign entity of concern”?

Yes, the definition needs to be clearer. This could be a list of companies identified as foreign entities of concern or could entail a set of parameters that specify a certain percentage of a company’s ownership by a country identified in 42 U.S.C. 18741(a)(5) as qualifying a company to be a foreign entity of concern.