



PAUL D. TONKO

U.S. HOUSE OF REPRESENTATIVES
20TH DISTRICT, NEW YORK

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November 23, 2022

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

Dear Secretary Yellen:

As you work to implement the energy tax credit provisions of the Inflation Reduction Act, I encourage you to consider the opportunity to foster a transparent, sustainable, and just battery supply chain. Currently, several private entities and public-private consortia are working to develop new tools and standards to enhance transparency in battery supply chains, which could be applicable for demonstrating and verifying compliance with requirements under Section 30D(e) of the Clean Vehicle Credit. I hope you, in coordination with other relevant federal agencies such as the Department of Energy (DOE) and the Environmental Protection Agency (EPA), will investigate the possibility of creating or adopting a digital battery identifier for use in the U.S. market.

Batteries are a critical part of our national clean energy transition strategy given their role in electrifying transportation and balancing electricity systems. It is evident from the new structure of the Clean Vehicle Credit that Congress recognizes not only the importance of these technologies, but also the need for domestic production of batteries and their component materials.

For the electrification transition to be sustainable, a global and systems approach is necessary to address challenges along the battery supply chain, including material extraction, battery production, and end-of-life processing and recycling. A well-developed digital battery identifier and set of reporting standards could allow for the smooth transfer of relevant information between stakeholders, including mining companies, original equipment manufacturers, recyclers, battery and electric vehicle users, and regulators. This shared information could include battery chemistry and performance data, material provenance, manufacturing history, and sustainability reports.

Many of these elements are necessary for complying with the requirements of the Clean Vehicle Credit, and several digital battery identifiers under development have proposed including data on the components of the battery (including the amounts of any applicable critical minerals), the country of origin for each component, the amounts of recycled content of any component, and any environmental, labor, and human rights issues related to any component. Aggregation of

these data on a secure digital platform would make determining eligibility for the tax credit more feasible.

Congress clearly sees an important role for battery and critical mineral recycling in the future U.S. battery supply chain. For the purposes of credit compliance, recycled materials are valued equally to domestically extracted and processed materials. Similarly, the EPA has been directed to establish voluntary labeling guidelines to promote battery recycling and sustainability. Accessible and consistent digital labels can enable safer and more effective battery collection, transportation, sorting, reuse, and disposal practices.

Numerous stakeholder groups responded to EPA's recent Request For Information on battery labeling guidelines with information on the European Union's battery regulations and digital battery identifiers, such as the "Battery Passport", as potential frameworks that could be adopted in the United States. A digital identifier should be designed to be consistent with and, to the extent practicable, inclusive of the labeling guidelines currently under development by EPA pursuant to section 70401(c) of the Infrastructure Investment and Jobs Act of 2021.

Beyond demonstrating compliance with the Clean Vehicle Credit and complementing potential EPA labeling guidelines, a digital battery identifier could also help meet several of the Administration's long-term goals for the battery supply chain. Disclosure of labor conditions on a digital battery platform could aid in safeguarding human rights by establishing raised environmental, community, and worker-safety standards. Publicizing reports on sustainability and pollution could allow for prevention, remediation, and mitigation of impacts on public health and the environment. Sharing battery performance data could spur industrial competition to develop increasingly durable and high-quality batteries. Tracking greenhouse gas emissions along the supply chain could incentivize low-carbon manufacturing processes. These are just a few of the co-benefits that would come from broad adoption of a comprehensive digital battery identifier.

As you continue working to implement the 30D Clean Vehicle Credit, I urge you to take advantage of this opportunity to accelerate development and adoption of a digital battery identification system to support tax credit compliance and bring greater transparency to the global battery supply chain. Given the emerging nature of digital battery identifiers, now is the time for the United States to take a leadership role in their development and adoption.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul D. Tonko".

Paul D. Tonko
Member of Congress