

February 27, 2026

John Krutz, Chief Accounting Officer
Montana Renewables LLC
1807 3rd St NW
Great Falls, MT 59404

Dear Mr. Krutz,

The Montana Department of Environmental Quality (DEQ) received an initial application on December 23, 2024, from Montana Renewables LLC (MRL) for an abatement of property tax liability on renewable energy manufacturing facilities and on sustainable aviation fuel production facilities at its Great Falls production facility (MRL Facility). DEQ conducted a review of the application pursuant to the applicable Montana laws and administrative rules, including 15-24-3111, and 15-24-3102, Montana Code Annotated (MCA) and Administrative Rules of Montana (ARM) 17.80.202(1) and ARM 42.22.1318.

On January 16, 2025, MRL clarified that it intends to seek a tax abatement for the MRL Facility pursuant to 15-24-3111(3)(g), MCA as a renewable diesel production facility and/or pursuant to 15-24-3111(3)(o), MCA as a sustainable aviation fuel production facility and that it does not intend to seek a tax abatement pursuant to 15-24-3111(3)(h), MCA, as a renewable energy manufacturing facility as stated in the original application.

DEQ requested additional application materials in a letter dated January 21, 2025, and in a follow-up email dated March 12, 2025. MRL provided supplemental materials in submittals dated February 17, 2025, and June 10, 2025. After reviewing the supplemental materials, DEQ requested additional information in a letter dated July 2, 2025. MRL submitted supplemental application materials on December 5, 2025. On January 2, 2026, DEQ determined that the application was complete.

DEQ opened a 15-day public comment period on the application beginning January 21, 2026. DEQ received four comments on the application. One comment supported certification of the MRL Facility's eligibility for the production facility tax abatement noting the economic value of the facility to Great Falls and citing the facility's compliance with statutory requirements for certification. Three comments opposed certification of the facility citing concerns with wastewater and solid waste production at the facility, current methods for off-site disposal of wastewater, air emissions at the facility, and greenhouse gas emissions emitted by trucks hauling wastewater for off-site disposal.

STANDARDS FOR ELIGIBILITY

Pursuant to 15-24-3112(1)(a), MCA, DEQ is required to determine eligibility for the tax abatement provided for under 15-24-3111, MCA:

Upon application by a taxpayer, the department of environmental quality shall determine whether a facility or equipment qualifies for a tax abatement under 15-24-3111 or rules adopted under 15-24-3116. If the department determines that a facility or equipment qualifies for abatement or a classification, it shall issue a certification of eligibility.

To qualify for the abatement, the MRL Facility must meet the definition of: 1) a “Renewable diesel production facility,” meaning, “improvements and personal property used for the production and onsite storage of renewable diesel” (15-24-3102(19), MCA); and/or, 2) a “sustainable aviation fuel production facility,” meaning, “improvements and personal property used for the production and onsite storage of sustainable aviation fuel” (15-24-3102(24)). “Renewable diesel” is defined as follows:

“Renewable diesel” means a biomass-derived fuel that is suitable for use in diesel engines that is hydrocarbon produced by hydrotreating and also through gasification, pyrolysis, or other biochemical and thermochemical technology, or any combination of these technologies. The term includes renewable diesel fuel that meets the ASTM D975 specification for petroleum diesel in the United States. (15-24-3102(18), MCA)

“Sustainable aviation fuel” is defined as follows:

"Sustainable aviation fuel" means an aviation fuel derived from renewable resources that enables a reduction in net life cycle carbon dioxide emissions compared to conventional fuels. The term includes fuel that meets the ASTM D7566 specification for nonpetroleum synthesized jet fuel in the United States. (15-24-3102(23), MCA)

Construction on the MRL Facility must have commenced after June 1, 2007, pursuant to 15-24-3111(4)(a)(i), MCA. The standard prevailing rate of wages for heavy construction must have been paid during construction of the MRL Facility, pursuant to 15-24-3111(4)(a)(ii), MCA.

DETERMINATION

1. The MRL Facility is located at 1807 3rd Street NW in Great Falls, Montana. The MRL Facility is collocated with the Calumet Refinery, which produces refined petroleum products using a crude oil feedstock. The MRL Facility utilizes dedicated equipment for the production of renewable diesel and sustainable aviation fuel.¹ The MRL Facility utilizes a combination of hydrotreating, biochemical, and thermochemical technology in the production of the fuels.² The assets included in the application for property tax abatement are used for the production of renewable

¹ Montana Renewables, LLC. 2025. MRL application supplement, received December 5, 2025, “Exh B MRL 510 Assets Map 2025-1204”

² Montana Renewables, LLC. 2025. MRL application supplement, received December 5, 2025, “Exh A to MRL response to DEQ 7.3.2025 letter”

diesel and/or sustainable aviation fuel products and associated byproducts, and are not used for the production of conventional, petroleum based fuels.³

2. The fuels produced by the MRL Facility are derived from the following biogenic feedstocks: canola oil, soybean oil, tallow, lard fat, corn oil, and used cooking oil.⁴ These feedstocks are renewable, biomass resources.
3. The MRL Facility is designed to produce renewable diesel that meets the ASTM International (ASTM) standard specification for diesel, ASTM D975, ensuring its suitability for use in diesel engines, and to meet the requirements of customer contracts.⁵ ASTM D975 compliance testing is performed regularly on renewable diesel batches produced by the MRL Facility. The MRL Facility also meets ASTM D975 standards as an element of compliance with Internal Revenue Code Section 45Z, Clean Fuel Production Credit, documented with Internal Revenue Service registration in the program.⁶
4. The MRL Facility is designed to produce sustainable aviation fuel meeting the ASTM D7566 specification for nonpetroleum synthesized jet fuel (sustainable aviation fuel) to meet the requirements of customer contracts.⁷ ASTM D7566 compliance testing is performed regularly on sustainable aviation fuel produced by the MRL Facility. MRL also maintains ASTM D7566 standards as an element of compliance with Internal Revenue Code Section 45Z, Clean Fuel Production Credit, documented with Internal Revenue Service registration in the program.⁸ Additionally, ASTM D7566 compliance is required for certification through the the International Civil Aviation Organization (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) certification for sustainable aviation fuel. MRL maintains CORSIA certification for sustainable aviation fuel.⁹
5. MRL has demonstrated that sustainable aviation fuel produced by the MRL Facility enables a reduction in net life cycle carbon dioxide emissions compared to conventional jet fuel. MRL is in compliance with two sustainable aviation fuel certification institutions: ICAO's CORSIA certification, and the California Air Resources Board Low-Carbon Fuel Standard (LCFS). The

³ Montana Renewables, LLC. 2025. MRL application supplement, received December 5, 2025, "MRL Response to DEQ 7.3.2005 letter, signed"

⁴ Kirchofer, Abby. 2024. "Expert Report of Abby Kirchofer, Ph. D." MRL application supplement, received June 10, 2025. File titled "MRL's Disclosure of Expert Witness Report."

⁵ Montana Renewables, LLC. 2025. MRL application supplement, received February 17, 2025. File titled "2025-02-17 MRL MT DEQ Letter Correspondence – Final Signed."

⁶ Department of the Treasury, Internal Revenue Service. 2024. "Approval of Excise Tax Registration." MRL application supplement, received February 17, 2025. File titled "2024-12-06 MRL US IRS 637 CN Registration Approved."

⁷ Montana Renewables, LLC. 2025. MRL application supplement, received February 17, 2025. File titled "2025-02-17 MRL MT DEQ Letter Correspondence – Final Signed."

⁸ Department of the Treasury, Internal Revenue Service. 2024. "Approval of Excise Tax Registration. MRL application supplement, received February 17, 2025. File titled "2024-12-06 MRL US IRS 637 CA Registration Approved"

⁹ Montana Renewables, LLC. 2024. MRL Application, received December 16, 2024. File titled "2024-12-16 MRL MT SB510 Application Approval Needed (part 1) – signed."

CORSIA certification is an accepted pathway to determine eligibility for the 45Z Clean Fuel Production Credit.

Both certification methodologies quantify greenhouse gas emissions released throughout the production of sustainable aviation fuel, including by refinery operations, and transportation of refined fuel products to the end customer. Each methodology accounts for carbon dioxide emissions as well as other greenhouse gas emissions, such as methane released in the production processes. Additionally, the LCFS methodology accounts for emissions associated with the agricultural production of feedstock, transportation of feedstock to the refinery, emissions associated with indirect impacts on land use change and a margin of safety determined by the fuel producer. Under both methodologies, the carbon dioxide emissions released by combustion of the sustainable aviation fuel product does not factor into the calculation of net emissions because of the biological uptake of carbon dioxide by plants that form the basis of biogenic feedstocks in the fuel.

Table 1 lists the net life cycle carbon intensity value for MRL sustainable aviation fuel produced at the MRL Facility using tallow oil feedstock, as determined in accordance with the CORSIA methodology. Carbon intensity is displayed in grams of carbon dioxide equivalent emissions per megajoule of produced fuel energy (gCO₂e/MJ).

Table 1. MRL Facility Sustainable Aviation Fuel Carbon Intensity, CORSIA Methodology¹⁰

Feedstock Input	Carbon Intensity (gCO ₂ e/MJ)
Tallow Oil	19.04

Table 2 lists the net life cycle carbon intensity values for MRL sustainable aviation fuel produced at the MRL Facility, as determined in accordance with the LCFS methodology and certified by CARB. Carbon intensity is shown for each of the feedstock input pathways utilized by the MRL Facility in the production of sustainable aviation fuel.

Table 2. MRL Sustainable Aviation Fuel Carbon Intensity, LCFS Methodology¹¹

Feedstock Input	Carbon Intensity (gCO ₂ e/MJ)
Canola Oil	57.01
Soybean Oil	61.75
Pretreated Distillers Corn Oil	33.96
Distillers Corn Oil	34.26
U.S.-sourced Tallow Oil	37.33
Canadian-sourced Tallow Oil	36.70

¹⁰ Life Cycle Associates, LLC. 2024. "Greenhouse Gas Emissions Calculations for ISCC CORSIA HEFA-SPK". MRL Application Supplement, June 10, 2025, file titled "GHG Redux Cert—Corsia"

¹¹ California Air Resources Board. 2024. "Staff Summary, Low Carbon Fuel Standard, Application No. B0528, Montana Renewables, LLC." Accessed February 18, 2026 at https://ww2.arb.ca.gov/sites/default/files/classic/fuels/lcfs/fuelpathways/comments/tier2/b0528_summary.pdf

Table 3 lists a comparison of the carbon intensity of sustainable aviation fuel produced at the MRL Facility with the net life cycle carbon intensity of jet fuel derived from crude oil feedstock, established by the LCFS and CORSIA methodologies. Notably, the crude oil feedstock life cycle carbon intensity includes fuel combustion emissions. The carbon intensity range of crude oil derived aviation fuel is higher than the range of carbon intensity for any of the analyzed bio-based sustainable aviation fuel pathways produced by MRL.

Table 3. Carbon Intensity Comparison

Feedstock Input	Carbon Intensity (gCO ₂ e/MJ)
MRL Sustainable Aviation Fuel, CORSIA and LCFS	19.04 to 61.75
Crude Oil, LCFS 2025 benchmark ¹²	81.70
Crude Oil, CORSIA 2025 average ¹³	89.00

In response to public comment received on the DEQ Notice for Public Comment for MRL’s application, MRL provided a calculation of the emissions associated with transporting MRL Facility wastewater for offsite disposal, showing additional increase in carbon intensity for all feedstock products of 0.87 gCO₂e/MJ based on a weighted average hauling distance by truck of 275 miles per gallon of wash water. The carbon intensity adder for wastewater hauling was calculated by MRL using the LCFS certification methodology for determination of transportation-related emissions.¹⁴ Transportation of facility waste products is not accounted for in CORSIA or LCFS methodologies. However, with the additional carbon intensity, the highest carbon intensity pathway (soybean oil) evaluated for the MRL Facility increases to 62.62 gCO₂e/MJ, still below the range of carbon intensity for conventional fuels, as noted in Table 3.

DEQ reviewed the methodology utilized to certify carbon intensity of MRL sustainable aviation fuel and finds that both the CORSIA and LCFS methodologies demonstrate that the production of sustainable aviation fuel by the MRL Facility enables a reduction of net life cycle carbon dioxide emissions compared to conventional fuels.

¹² California Air Resources Board. November 25, 2025. “Overview of the Low Carbon Fuel Standard.” Accessed February 18, 2026 at https://ww2.arb.ca.gov/sites/default/files/2025-11/LCFS%20Basics_post11-20-25_final.pdf#:~:text=Page%207.%20The%20most%20recent%20rulemaking%2C%20which.and%20introduced%20sustainability%20guardrails%20for%20crop%2Dbased%20fuels.

¹³ International Civil Aviation Organization. 2025. “CORSIA Methodology for Calculating Actual Life Cycle Emissions Values.” Accessed February 18, 2026 at <https://www.icao.int/sites/default/files/environmental-protection/CORSIA/Documents/CORSIA%20Eligible%20Fuels/ICAO-document-07-Methodology-for-Actual-Life-Cycle-Emissions-June-2025.pdf>

¹⁴ Montana Renewables, LLC. 2026. “MRL Emission Calculation.” MRL Application Supplement, received February 20, 2026. File titled “MRL Emission Calculation.”

6. Construction on the facility commenced October 1, 2021,¹⁵ which is after June 1, 2007, as required by 15-24-3111(4)(a)(i), MCA.
7. MRL certified that the standard prevailing rate of wages for heavy construction were paid during construction of the MRL Facility.¹⁶ The Montana Department of Labor and Industry (DLI) is undertaking a review of MRL's compliance with prevailing wage rate requirements established in 15-24-3111(4)(a)(ii), MCA. That review was not complete as of the date of this determination letter.

DEQ has concluded that, pending an affirmative determination by DLI of MRL's compliance with prevailing wage requirements, the MRL Facility will qualify for a tax abatement under 15-24-3111(3)(g) and 15-24-3111(3)(o), MCA. This determination letter serves as a conditional certificate of eligibility. DEQ will supplement this determination letter upon the conclusion of DLI's prevailing wage review.

In accordance with 15-24-3112, MCA, DEQ will track MRL's compliance with 15-24-3111, MCA for the qualifying period of the tax abatement. Pursuant to 15-24-3111(7), MCA the qualifying period constitutes the construction period, beginning October 1, 2021, to the commencement of operation on December 24, 2022, and the first 15 years after the facility commences operation. The qualifying period concludes on December 24, 2037.

Sincerely,



Ben Brouwer
Energy Bureau Chief

Cc: Jill Gallagher, Montana Department of Revenue

¹⁵ Montana Renewables, LLC. 2024. MRL Application, received December 16, 2024. File titled "2024-12-16 MRL MT SB510 Application Approval Needed (part 1) – signed."

¹⁶ Ibid.