



On November 7, 2022 RHA was invited to participate in a US Department of Treasury Roundtable discussion on Heavy Industry and the Inflation Reduction Act.

The Roundtable was hosted by Climate Counselor to Secretary Yellen John Morton and Assistant Secretary for Tax Policy, Lily Batchelder.

In addition to Treasury leadership, three staffers from the White House and two US Department of Energy Directors, RHA joined about two dozen industry trade group, labor union and environmental stakeholders to talk about and make suggestions on how the IRA tax provisions could be improved and/or express concerns about them. RHA's comments were focused on the clean hydrogen tax provisions and are attached below.

**US Department of Treasury Roundtable on Heavy Industry and the Inflation Reduction Act
RHA Comments on Inflation Reduction Act 45V Hydrogen Tax Credit Provisions
November 7, 2022**

Thank you, Counselor Morton and Assistant Secretary Batchelder for the opportunity to provide input at this roundtable on Heavy Industry and the Inflation Reduction Act. My name is Michelle Detwiler and I am the Executive Director of the Renewable Hydrogen Alliance.

RHA is a non-profit trade association based in Portland, Oregon focused on the use of renewable energy to produce hydrogen and other carbon neutral fuels. Our scope is the Pacific Northwest and we advocate for beneficial renewable hydrogen policy in both Washington and Oregon state capitols. Our membership includes manufacturers, utilities, project developers, independent power producers and others involved in all points of the hydrogen value chain.

Our comments today are related specifically to the IRA's 45V Hydrogen Tax Credit Provisions and their implications for decarbonizing heavy industry by enabling the production and use of cost effective clean hydrogen.

On behalf of our members, some of the key elements to address on the 45V tax provisions include:

- 1) Aligning the GREET model to models used in other hydrogen production contexts by allowing those taxpayers who already use the California GREET model to be deemed compliant with Argonne GREET without having to go through another certification.
- 2) Confirming that the GREET model stops at hydrogen, i.e., the carbon intensity of further steps to produce ammonia, e-methanol or other fuels is not considered.
- 3) Making it as easy as possible to demonstrate the carbon intensity score of hydrogen produced from grid connected electrolysis. This includes allowing the use of Renewable

Energy Credits (REC), the Midwest Renewable Energy Tracking System (M-RETS), and/or power purchase or virtual power purchase agreements (PPA or VPPA).

- 4) Finally, we have concerns about the ability to meet the minimum clean hydrogen carbon intensity threshold to qualify for the full PTC as it has come to our attention that a municipal utility in Washington state with a 98% clean electricity mix can only achieve a carbon intensity score of .56 kgCO₂e/kg H₂ produced; higher than the .45 lowest threshold.

We are in the process of vetting these numbers, but if a municipal utility in a hydroelectric dominant state power system cannot meet the lowest CI threshold for the full PTC, there is likely no other utility or producer of electrolytic hydrogen in the nation who will be able to without massive investment and decades long delays to build out directly connected renewable energy projects and this risks significantly limiting the production of adequate supplies of truly clean hydrogen to decarbonize not just the heavy industry sector but many other sectors of our economy.

- 5) The need to address the lack of incentives in the IRA to use clean hydrogen; incentives that could serve to motivate the heavy industrial sector to decarbonize.
- 6) Financial support for the buildout of pipelines to transport all of the clean hydrogen, ammonia and other clean fuels we're going to need.

Thank you again for the opportunity to provide our feedback on this very important work.

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