

December 20, 2023

The Honorable Janet Yellen
Secretary
Department of the Treasury

The Honorable Wally Adeyemo
Deputy Secretary
Department of the Treasury

The Honorable Lily L. Batchelder
Assistant Secretary for Tax Policy
Department of the Treasury

Mr. John Podesta
Senior Advisor to the President for Clean
Energy Innovation and Implementation
White House

Mr. Ali Zaidi
Assistant to the President and National
Climate Advisor
White House

Dear Secretary Yellen, Deputy Secretary Adeyemo, Assistant Secretary Batchelder, Mr. Podesta, and Mr. Zaidi:

The undersigned companies include the world's largest supplier of hydrogen, a major U.S. based electrolyzer manufacturer, and large hydrogen and renewable energy developers. Together, our companies and partners have a collective scale of planning and interest exceeding 50 GW of electrolyzer projects in the US which is sufficient to produce more than 6 million metric tons per year of truly clean hydrogen. This is ample volume to achieve large electrolyzer cost reductions according to a range of studies, incentivize investments in projects, hubs, and supporting infrastructure, and ensure cost-competitiveness.

We are encouraged by recent reporting that the Biden administration plans to propose strong, climate-aligned 45V guidance for electrolytic hydrogen and urge the administration to swiftly finalize it.

Strong proposed standards will be a sprint to success for the U.S. electrolytic hydrogen market, accelerate the build-out of domestic clean hydrogen infrastructure, and enable substantial industry growth. Weaker rules would result in highly subsidized hydrogen projects that drive large greenhouse gas emissions increases and electricity price spikes that would engender public backlash and stymie our industry's growth.

Our companies are already developing and executing large-scale hydrogen projects that comply with the three pillars of 1) additionality, 2) deliverability, and 3) hourly matching both in the U.S. and globally. **This experience gives us confidence that proposed 45V guidance requiring the three pillars -- including additionality from day 1, strong deliverability standards, and a phase-in of hourly matching by 2028 (without grandfathering) -- will support scaled industry growth and enable the creation of a successful U.S. and global**

clean electrolytic hydrogen market. We urge you to be skeptical of claims that proposed strong guidance will kill the industry. This is demonstrably false. Strong 45V guidance will have multiple benefits for the nascent electrolytic hydrogen industry, including:

- **Ensuring that the industry scales with rock solid climate integrity and supports U.S. climate goals:** The proposed 45V guidance ensures that highly subsidized electrolytic hydrogen projects do not increase greenhouse gas emissions, electricity prices, or health-harming pollution. It also channels hydrogen investments in a manner that best supports – and bolsters – the U.S. transition to a clean economy. Weak guidance would result in hydrogen projects increasing greenhouse gas emissions by hundreds of millions of tons and driving electricity price spikes, while receiving billions of dollars of taxpayer-funded subsidies. This would irreparably compromise the credibility and longevity of our industry.
- **Enabling the establishment of a U.S. domestic manufacturing base of advanced electrolyzers and enabling a sprint to success:** Hourly matching will catalyze cutting-edge, flexible electrolyzer technologies and establish a flourishing and world-leading domestic U.S. advanced electrolyzer manufacturing base. Hydrogen’s best potential lies in the flexibility of its production, which would catalyze the achievement of a 100% clean grid by drawing on excess clean energy when available and cycling down during hours of grid stress. This flexibility can only be achieved by way of the large-scale deployment of advanced, *flexible* electrolyzers. Hourly matching – which is necessary to unlock such large-scale deployment – will therefore enable a sprint to hydrogen’s best potential in supporting the clean energy transition.
- **Unlocking rapid industry scale by aligning with European Union standards:** Harmonizing with EU rules would provide clarity and resulting market efficiencies for trans-Atlantic investment and trade, necessary to accelerate project deployment and turbocharge technology cost reductions. Global harmonization of strong standards will also activate a global race to the top, whereby other countries will likely match the U.S. and EU ambition such that the emerging global clean hydrogen industry will scale on solid climate foundations.

All these benefits from strong 45V rules support the needs and best interests of a diverse and growing set of industry, consumer, environmental, and community voices in the U.S., which is particularly important given the 45V tax credit is funded by U.S. taxpayers.

We urge you to swiftly finalize the robust, climate-aligned proposed guidance. Once industry has the certainty of strong rules, project development, investment and deployment will rapidly accelerate.

We stand ready to support the administration throughout the implementation process.

Sincerely,

Air Products

ACCIONA & Nordex Green Hydrogen

CWP Global

EDP Renováveis, S.A.

Electric Hydrogen

Hy Stor Energy

Synergetic