

## Clean Hydrogen Incentives in the One Big Beautiful Bill Act of 2025

### Section 45V Clean Hydrogen Production Tax Credit

The Section 45V Clean Hydrogen Production Tax Credit, created in the Inflation Reduction Act of 2022 (IRA), is a federal incentive for supporting the domestic production of clean, or low-carbon intensity (CI), hydrogen. This technology-neutral credit is designed to stimulate investment in low-CI hydrogen production technologies by offering a performance-based incentive tied directly to the CI of the hydrogen production method – the lower the CI, the higher the incentive. The recently passed One Big Beautiful Bill Act (OBGBA) of 2025 (P.L. 119-21) preserves the structure of 45V for projects that begin construction through December 31, 2027.

#### Overview of the 45V Credit Structure

Section 45V provides a 10-year production tax credit of up to \$3.00 per kilogram of qualified clean hydrogen, depending on the CI associated with its production method. The credit is structured across four tiers, with higher credit values available for lower-CI hydrogen. To qualify for the maximum benefit, projects must comply with prevailing wage and apprenticeship requirements, and all CI values must be calculated using the 45VH2-GREET model, as finalized in [Treasury Department guidance](#) issued in January 2025.

The structure of 45V is as follows:

Lifecycle CO <sub>2</sub> Intensity (per kg CO <sub>2</sub> e/kg H <sub>2</sub> )	45V PTC \$Value (per kg clean H <sub>2</sub> )	48 ITC % Value
< 0.45	\$3.00	30%
≥ 0.45 and < 1.5	\$1.00	10%
≥ 1.5 and < 2.5	\$0.75	7.5%
≥ 2.5 and ≤ 4	\$0.60	6%

#### Initial OBGB House Bill: 45V Construction Deadline Accelerated

The House-passed version of the OBGB proposed an acceleration of the commence-construction deadline for 45V-eligible projects from December 31, 2032, to December 31, 2025, and maintained the ability to transfer the credit for eligible projects. This proposed change was met with concern by clean hydrogen stakeholders, as the shortened window for eligibility jeopardized project investments including those tied to the regional hydrogen hubs. The change would have significantly undermined U.S. investment and the ability to compete in the growing global market for low-CI hydrogen and its derivatives.

#### Final OBGB Language: 45V Deadline Extended to End of 2027

The Senate Finance Committee text adopted in the final “One Big Beautiful Bill” extended eligibility for the 45V credit through December 31, 2027. Projects that commence construction by the end of 2027 will be able to qualify for the full 10-year credit term. This update restores certainty for current project investments and provides a more workable timeline for hydrogen developers to meet planning, permitting, and financing milestones. This date also provides more time for Regional Clean Hydrogen Hub projects to develop and meet the commence construction criteria to use the credit.

The OBGB maintains the ability for a taxpayer to transfer the credit and does not apply Foreign Entity of Concern provisions to the 45V credit.

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## 48 Investment Tax Credit (ITC)

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In lieu of claiming the 45V production tax credit, the OBBB maintained the election to treat hydrogen production facilities as energy property with ITC values dependent on CI of the hydrogen production process. These ITC values range from 6% of the value of the qualified energy property to 30% (see table above).

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## 48E Investment Tax Credit (ITC)

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The OBBB modifies the 48E ITC for qualified fuel cells used in an electricity production facility. The modification states these fuel cells do not have to meet the 48E requirement that the greenhouse gas (GHG) emissions from the electricity production using the fuel cell will not be greater than zero. Qualified fuel cell property used to produce electricity in a project that begins construction after December 31, 2025 will now be eligible for the 30% ITC even if the GHG emissions rate for the electricity produced by the facility is greater than zero.

No modifications were made in the OBBB for hydrogen storage facilities which remain eligible for the 48E ITC under the final Treasury guidance on 48E.

Both qualified fuel cells and hydrogen storage facilities would be subject to the new Foreign Entity of Concern provisions that apply to the 48E ITC.

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## 48 Investment Tax Credit (ITC)

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Income from the transportation or storage of hydrogen was added to the definition of qualifying income of certain publicly traded partnerships. This provision allows publicly traded partnerships to invest in hydrogen transportation or storage projects so they will receive the benefit of the lower cost of capital available to these entities from passing the income and tax benefits through to the owners of the publicly traded partnership.