



## **CHFC Statement on Treasury's Proposed Guidance for the 45V Clean Hydrogen Production Tax Credit**

CHFC's review of initial information released by Treasury outlining what is included in the proposed guidance for the 45V clean hydrogen production tax credit – a program that will underpin our country's ability to accelerate decarbonization of industries for which there are no viable alternative solutions – identified serious concerns. Treasury's proposed guidance runs counter to Congressional intent for the credit: to incentivize the rapid development of a domestic clean hydrogen industry.

Treasury's proposal would require clean hydrogen producers to adhere to overly restrictive rules on time matching, additionality, and regionality for the purchase of energy attribute certificates to be eligible for the tax credit. These requirements will deter investment by driving up the costs of producing clean hydrogen, causing it to remain uncompetitive and delaying necessary supply chain investments that are needed to reduce the costs of electrolyzers and the overall cost of clean hydrogen production. The proposal undermines the creation of a robust domestic clean hydrogen industry and the Administration's promise of creating more good jobs from the clean energy transition.

The proposed rule includes criteria that must be reflected in energy attribute certificates for the purchase of certain sources of electricity that do not align with the statutory requirements or Congressional intent for the 45V program. The proposal requires new generation sources to be in commercial operation within three years of a clean hydrogen facility being placed in service; overly restrictive time and regional matching; and a sharp change in the rules of the road during a project's 10-year tax credit claiming period. In its current form, the proposal creates significant investment uncertainty and puts the Administration's Regional Clean Hydrogen Hubs at risk. Without the opportunity to drive down costs through deployment, clean hydrogen will not become a meaningful part of the climate solution in the US in the near-term, putting our net-zero by 2050 goal in jeopardy.

In our April comment letter to the Administration, CHFC outlined the three ways in which 45V rules for purchase of energy attribute certificates can jumpstart the US clean hydrogen industry:

1. **Allow annual matching** of energy attribute certificates for clean hydrogen facilities that begin construction before 2030; shift to **monthly time matching** for facilities that begin construction in or after 2030; and grandfather the matching rules for projects that begin construction before 2030 for the life of the tax credit claiming period.
2. **Reject additionality requirements** that would require new generation sources to be built in order to claim the tax credit and instead allow clean hydrogen producers to use existing clean power sources.



3. **Adopt reasonable regional restrictions** requiring renewable energy certificates or energy attribute certificates to be generated within the same grid interconnection region as the clean hydrogen production facility until 2030, and then narrowing to within the 6 North American Electricity Reliability Council regions in 2030 and beyond.

The CHFC notes that Treasury's proposal will include clean hydrogen production pathways using renewable natural gas (RNG) and fugitive methane emissions, and that Treasury will be taking comment on conditions for qualification for those production pathways. CHFC also commented to Treasury that the use of book and claim accounting through the purchase of environmental attributes of RNG used for clean hydrogen production should also be applied to those clean hydrogen production pathways.

The CHFC looks forward to a more detailed review of, as well as commenting on, the Treasury proposal once it is released, and to continued dialogue on these issues with Treasury and the Administration as it finalizes the 45V rules.

Please direct questions to Shannon Angielski, President of the CHFC, at [angielskis@vnfsolutions.com](mailto:angielskis@vnfsolutions.com).

More information about the CHFC can be found at [www.cleanh2.org](http://www.cleanh2.org).