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STATEMENT ON CLEAN HYDROGEN TAX CREDIT PROPOSAL

Today, the Treasury Department issued a notice of proposed rulemaking to implement the Inflation Reduction Act's (IRA) 45V tax credit for clean hydrogen production. The proposal would establish rules for how electrolyzers can demonstrate compliance with the IRA's lifecycle greenhouse gas limits—and thus demonstrate their eligibility for the tax credit. The proposed rule includes robust requirements to avoid greenhouse gas emissions: new clean power, annual matching with a transition to hourly matching in 2028, and contracting within the same regional grid. Matt Lifson examines these requirements in a newly published blog post. The approach in this proposal aligns with many of the recommendations the Institute for Policy Integrity made in comments to the Treasury Department.

Matthew Lifson, attorney at the Institute for Policy Integrity at NYU School of Law, issued the following statement:

"This proposal, if finalized, would go a long way toward ensuring that IRA subsidies do not flow to fossil-fuel-powered electrolysis, which is the most emissions-intensive way to make hydrogen. Without the guardrails in this proposal, the nation's most significant climate law could have the perverse effect of subsidizing climate-damaging hydrogen production methods. Fossil-fuel-powered electrolysis causes twice as many emissions as the traditional method of producing hydrogen: steam methane reforming. This rule would pave the way for hydrogen to be a climate solution in sectors that are hard to decarbonize."

Lifson is available for interview on these issues.

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