Industrial Innovation Initiative

a partnership between Great Plains Institute and World Resources Institute

September 7, 2021

The Honorable Charles Schumer
U.S. Senate Majority Leader
S-221, The Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker of the House
H-232, The Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
U.S. Senate Minority Leader
S-230, The Capitol
Washington, D.C. 20510

The Honorable Kevin McCarthy
House Minority Leader
H-204, The Capitol
Washington, D.C. 20151

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Pelosi and Minority Leader McCarthy:

On behalf of the undersigned participants in the Industrial Innovation Initiative (I^3), we thank you for your continued commitment to expand and accelerate the deployment of hydrogen production and markets to ensure continued access to reliable energy and reduce emissions while generating and sustaining high wage and skilled jobs in the domestic energy, industrial, and manufacturing sectors. **We write today in strong support of the several bills currently under consideration in Congress, including the Energy Infrastructure Act, the Clean H2 Production Act, and the Clean Energy Hydrogen Innovation Act. These bipartisan bills will push the U.S. towards achieving net-zero emissions, while retaining and creating high-wage jobs.**

The Industrial Innovation Initiative brings together key industrial and power companies, environmental organizations, labor unions and state officials from Midwestern and Gulf Coast states to advance decarbonization solutions for the region's most important industrial sectors. The Initiative, co-convened by the Great Plains Institute and the World Resources Institute, seeks to accelerate adoption of these decarbonization solutions by advancing needed policies at the state and federal levels.

Using clean hydrogen to provide low- and zero carbon energy and heat needed for industrial processes and to serve as a feedstock for industrial production would lower carbon emissions, improve local air quality for communities and spur investments in domestic industries that support high paying jobs. Its potential for flexible production is one of clean hydrogen's greatest strengths. Steam methane reformers producing hydrogen from natural gas can be modified to capture carbon dioxide (CO_2), new electrolyzer plants offer opportunities in areas with abundant renewable and zero-carbon energy, and biomass waste feedstocks can be gasified with carbon capture to produce hydrogen with the potential for net negative emissions.

Despite this promise, making clean hydrogen competitive with conventional hydrogen will require policy that lowers the cost of production, invests in research and demonstration, and facilitates buildout of transport and storage infrastructure, all of which can stimulate private investment and generate employment across entire regions and multiple industries. Toward that end, Congress has introduced several bills to increase the role of hydrogen in decarbonizing our economy.

The **Energy Infrastructure Act** contains numerous hydrogen provisions. The legislation would significantly fund research, demonstrations, and commercial deployment of various hydrogen production pathways through funding for a Clean Hydrogen R&D Program, regional clean hydrogen hubs and clean electrolysis. These programs take an "all-of-the-above" approach to low and zero-carbon hydrogen and would enable scaling up of hydrogen production from fossil energy and biomass feedstocks with carbon capture and storage, additional hydrogen carriers, and electrolysis with renewable and nuclear energy. Additionally, hydrogen hubs would include investment in multiple end-markets, diversifying the range of uses.

The **Clean H2 Production Act** would establish a technology neutral production tax credit (PTC) and investment tax credit (ITC) to support low and zero-carbon hydrogen production. The credits would support hydrogen production methods that reduce lifecycle greenhouse gas emissions 50 percent or more compared to steam methane-reforming of natural gas without carbon capture. The PTC offers a tiered credit, depending on the carbon intensity, of up to $3 per kilogram of hydrogen produced. The ITC provides a credit of up to 30 percent for investments in a qualified hydrogen production technology within the next 10 years. These tax credits are essential towards making clean hydrogen competitive with conventional and would support all pathways through its neutrality.

Finally, the **Clean Energy Hydrogen Innovation Act** would allow hydrogen production and utilization projects, including infrastructure, to obtain DOE loan guarantees. Eligibility would be expanded to include pipelines, storage, processing and fueling, and the production of hydrogen from domestic sources including renewable, fossil, and nuclear energy. Expanding the DOE Loan Program's eligibility will incentivize new projects to come online more quickly than without this support. We look forward to working with you on a bipartisan basis to advance the policy priorities outlined in this letter, whether in the infrastructure package or other moving legislative vehicles in Congress.

We stand ready to work with you to implement policies that incentivize investment in hydrogen technologies, processes, and markets within the industrial sector to achieve net-zero emissions goals. Should you have any questions about the outlined provisions noted in this letter please contact Jill Rook, Program Manager, Great Plains Institute at jrook@gpisd.net, or Debbie Weyl, Deputy Director, World Resources Institute U.S. at Debbie.weyl@wri.org.

Sincerely,

ArcelorMittal
BPC Action
Clean Air Task Force
Dow
Entergy Corporation
LafargeHolcim
LanzaTech
Minnesota Power
Nuclear Innovation Alliance
Shell
Third Way

CC:

House Energy & Commerce Committee
House Science, Space, & Technology Committee
House Ways and Means Committee
Senate Energy & Natural Resources Committee
Senate Finance Committee