SUBMITTED ELECTRONICALLY

Internal Revenue Service
CC:PA:LPD:PR (REG–117631–23)
Room 5203
P.O. Box 7604, Ben Franklin Station
Washington, DC 20044

February 26, 2024

Re: REG–117631–23 | Credit for Production of Clean Hydrogen, Election to Treat Clean Hydrogen Production Facilities as Energy Property

On behalf of GoodLeap LLC ("GoodLeap"), I respectfully submit the attached comments to the Department of the Treasury ("Treasury Department") and the Internal Revenue Service's ("IRS") Request for Comments on the Credit for Production of Clean Hydrogen, Election to Treat Clean Hydrogen Production Facilities as Energy Property (REG–117631–23).

We appreciate the opportunity to comment and would welcome the opportunity to participate in any stakeholder engagement on the Inflation Reduction Act section 45V rulemaking.

Thank you for your time and your consideration.

Sincerely,

GoodLeap, LLC

About GoodLeap

GoodLeap is one of the largest financial technology companies in the nation focused on the sustainability sector. Our fintech platform is actively used by tens of thousands of solar and home improvement professionals having kitchen table conversations with consumers on how to upgrade their homes with more efficient, electric, and renewable energy solutions. GoodLeap has mobilized over $26 billion in financing for sustainable home improvements since 2018, empowering nearly 1 million U.S. households to live a more sustainable lifestyle and control their energy costs, while creating an efficient channel for financial institutions to deploy capital in sustainable assets.

I. Treasury and IRS should clarify that Distributed Energy Resources (DERs)[1] are included in the definition of "electric generating facility" for purposes of generating "Energy Attribute Certificates."

Proposed §1.45V-4(d)(2)(ii) defines "energy attribute certificate" as "a tradeable contractual instrument, issued through a qualified EAC registry or accounting system (as defined in paragraph (d)(2)(v) of this section), that represents the energy attributes of a specific unit of energy produced." The proposed rule also states that "renewable energy certificates (RECs) and other similar energy certificates issued through a registry or accounting system are forms of EACs."

Proposed §1.45V-4(d)(2)(v) (as referenced above) defines "qualified EAC registry or accounting system" as a system that meets five specific criteria: assigns a unique identification number to each EAC tracked by such system; enables verification that only one EAC is associated with each unit of electricity; verifies that each EAC is claimed and retired only once; identifies the owner of each EAC; and provides a publicly accessible view of all currently registered generators in the tracking system to prevent the duplicative registration of generators."

Further, the proposed rule's "Background" section lists Electric Reliability Council of Texas (ERCOT); Michigan Renewable Energy Certification System (MIRECS); Midwest Renewable Energy Tracking System, Inc. (M–RETS); North American Registry (NAR); New England Power Pool Generation Information System (NEPOOL–GIS); New York Generation Attribute Tracking System (NYGATS); North Carolina Renewable Energy Tracking System (NC–RETS); PJM Generation Attribute Tracking System (PJM–GATS); and Western Electric Coordinating Council (WREGIS) as a non-exclusive list of qualified EAC registries.

Therefore, it follows that any zero emissions electric generation resource that meets the proposed rule's incrementality, temporal matching, and deliverability requirements should be eligible to generate qualifying EACs as long as the resources meet the rule's "eligible EAC" requirements (§1.45V-4(d)(2)(iii)), can be verified pursuant to §1.45V– 5(h), and is registered or is registrable with a qualified EAC registry. Further, DERs are already qualified participants in state REC programs.

[1] DERs are small electric generation or energy storage units connected to the local electric distribution system ("Distributed Energy Resources," PJM).

For these reasons, we respectfully request that Treasury and IRS explicitly include a reference to DERs as eligible generating facilities for purposes of this rule to remove any market ambiguity as to whether DER generated EACs that meet each of the rule's other requirements can be used by hydrogen producers to demonstrate credit eligibility.

II. Treasury and IRS should treat stored electricity represented by EACs that meet all eligibility criteria as generated in the hour the battery storage asset dispatches the electricity for purposes of temporal matching with hydrogen production facility consumption.

One of the most significant drawbacks to the temporal matching requirement is the inability to produce credit eligible electrolytic hydrogen at times when intermittent zero emissions resources are not generating electricity. Limiting zero emissions hydrogen production only to hours when intermittent resources are available to meet demand will significantly restrain each individual production facility's ability to maximize output and, in the aggregate, constrain the United States' ability to meet hydrogen production volume goals and consequently bend the cost curve to make clean hydrogen cost competitive with higher emitting fuels. However, eliminating the temporal matching requirement altogether would lead to increased induced emissions, as described in Assessing Lifecycle Greenhouse Gas Emissions Associated with Electricity Use for the Section 45V Clean Hydrogen Production Tax Credit.[2]

The proposed rule's "Background" section seemingly acknowledges this reality in stating, "[a]mong the issues that require resolution as EAC tracking systems move to hourly resolution is the treatment of electricity storage."

There are currently a wide range of software monitoring solutions and API controls in the marketplace that track battery performance and usage (i.e., the characteristics of the electricity that charges the battery and when such electricity is dispatched by the battery), as well as data aggregation platforms that assist with information verification. This allows for tracking of all the credit eligibility attributes of EACs - incrementality, greenhouse gas intensity and regionality of production, as well as temporal matching of offtake - while allowing production facilities to operate around the clock.

For these reasons, we respectfully request that for otherwise eligible EACs, hydrogen producers be able to align the hour of dispatch with the hour the hydrogen produced to meet the temporal matching requirement.

[2] DOE. 2023. ''Assessing Lifecycle Greenhouse Gas Emissions Associated with Electricity Use for the Section 45V Clean Hydrogen Production Tax Credit,'' Washington, DC: U.S. Department of Energy, available at: *www.energy.gov/45vresources.*