DRAFT OPEN LETTER – 5/24/23
Andy Marsh, CEO, Plug Power

The Inflation Reduction Act (IRA) was created to supercharge investment in a new generation of technologies that will position the U.S. to unlock a prosperous clean energy economy and achieve urgent climate goals. As Treasury and the White House deliberate how to implement this landmark legislation, one technology is ready to get to work for our future today: green hydrogen. Supported by the hydrogen production tax credit and common-sense regulations, green hydrogen will help the U.S. realize its ambitious decarbonization target, power the U.S. economy, and secure America’s global leadership in clean hydrogen innovation.

The first generation of green hydrogen producers are prepared to deploy our solutions and pave the way for hydrogen producers to come. We have been innovating and developing end-to-end hydrogen solutions with the goal of producing sustainable and domestic clean energy. Yet as we know from the pioneers that came before us, it takes time, supportive rules, and investments to create a market for these revolutionary technologies.

With the climate crisis upon us, we can’t delay any longer. Achieving net-zero emissions requires significant public and private investments in the hydrogen industry to shorten innovation cycles, drive deployment at scale, and reduce costs. Rulemaking right now around the hydrogen production tax credit will determine whether the U.S. can effectively deliver on the IRA's ambitious goals for clean energy technologies, building the foundation of America’s green hydrogen industry today and in the future.

Asking for smart rules and regulations that allow the green hydrogen industry to get off the ground isn’t anti-regulation. We strongly believe that strict rules are needed to ensure that hydrogen energy supports the nation’s clean energy goals. However, we also believe that rules should get progressively tougher over time. Establishing overly stringent requirements at this stage is inconsistent with the reality of what it takes to produce clean hydrogen today, and the needs of energy consumers looking to decarbonize. For example, requiring electrolyzing hydrogen plants to use only locally-generated renewable electricity today just doesn’t match where certain regions are with renewable energy deployment. While we can all agree that the ultimate goal is green hydrogen produced with 100% renewable electricity, if we wait for renewables to catch up before we even start deploying hydrogen we will severely constrain clean hydrogen’s role in our clean energy future. We must think and plan for the long term. This would allow the country’s infrastructure, transmission grid, and permitting processes to catch up and make it feasible for green hydrogen producers to meet more stringent requirements.

There is a lot at stake in getting this right. Our main focus is achieving deep decarbonization and speeding the transition to clean energy. But green hydrogen can also drive economic growth, create a next generation of high-skill American jobs, and extend U.S. leadership in innovative clean energy technologies. A decade ago, China used industrial policy to dominate manufacturing of solar cells, wiping out Western competitors as worldwide demand for solar
panels started to soar. We’re observing the same pattern now with electric vehicle batteries. Green hydrogen could be next as China already controls most of the supply chain and manufacturing capacity. Conceding first-mover status to China threatens U.S. competitiveness in this key industry of the future.

We can succeed by establishing rules that let the industry start producing clean energy now, and gradually increasing requirements as it scales up and supporting infrastructure expands. The IRA established a significant competitive advantage for the U.S., and common-sense implementation of the hydrogen production tax credit could make the U.S. among the most competitive countries for green hydrogen. If deployed at scale, green hydrogen and its derivatives are expected to account for 20% of global emissions reductions. Our green hydrogen plants and those that come after us will play a critical role in those reductions, especially for industries such as steel and chemical production where electrification isn’t possible.

With smart rulemaking from Treasury that allows our industry to turn the hydrogen production tax credit into clean energy, we stand at the ready to scale our first-generation green hydrogen solutions to power America’s path forward.