

February 22, 2024

RE: Comment on the 45V Tax Credit for Production of Clean Hydrogen

Dear IRS,

Iwatani Corporation of America (ICA) would like to thank the Internal Revenue Service (IRS), Treasury for the opportunity to comment on the Tax Credit for Production of Clean Hydrogen. ICA owns and operates several hydrogen refueling stations across California and is rapidly expanding to serve the fast-growing hydrogen market in California and the U.S. ICA expects to have more than 15 light-duty stations in operation at the end of 2026¹. Although the plans are not public yet, we are working on some very large heavy-duty projects that are expected to be shared in the near future. Since 1941, Iwatani has regarded hydrogen as the ultimate clean energy source and have consistently engaged in initiatives to encourage its widespread use. ICA is committed to support the zero emissions vehicle (ZEV) market by expanding the fueling infrastructure and supplying hydrogen to both light-duty and heavy-duty vehicles. Under the corporate slogan “A world where all enjoy true comfort – this is Iwatani’s desire,” we strive to solve environmental concerns with the aim of achieving a carbon free society through the use of hydrogen.

While ICA believes that the hydrogen tax credit is essential for expanding the hydrogen market and has the potential to significantly lower the production cost of clean hydrogen, without a proper implementation, hydrogen production infrastructure cannot be built and scaled with the pace needed for a significant impact on GHG emissions reduction and achieving climate goals. ICA believes that the proposed regulation by IRS is overly restrictive especially regarding electrolytic hydrogen production. The proposed regulations will adversely impact many hydrogen production projects and possibly kills several projects that are in early phases across the U.S.

ICA understands that the three accounting standards known as “three pillars” (additionality, deliverability, and temporal matching) are necessary for ensuring clean hydrogen production and emissions reduction, however, ICA is concerned that the restrictions such as hourly matching and

¹ This letter contains forward-looking statements that reflect management’s views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results and business strategies. These statements can be identified by the use of terms such as "will," "believes," "should," "projects," "plans," "expects," and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured. Any forward-looking statements speak only as of the date of this letter, and no duty is assumed to update such statements. Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to: unanticipated changes in demand for the company’s principal products, owing to changes in the economic conditions in the company’s principal markets; changes in exchange rates or the impact of increased competition; unanticipated costs or delays encountered in achieving the company’s objectives with respect to globalized product sourcing and new information technology tools; uncertainties as to the results of the company’s research and development efforts and its ability to access and protect certain intellectual property rights; the impact of regulatory changes and accounting principles and practices; and the introduction, success and timing of business initiatives and strategies.

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regional restrictions on Energy Attribute Certificates (EACs) will significantly increase the cost of clean hydrogen production such that the goals of the Inflation Reduction Act (IRA) through Clean Hydrogen Production Credit cannot be achieved.

ICA believe that hydrogen will play a key role in decarbonization of many sectors especially transportation sector and appreciates the importance of the hydrogen production tax credit as a strong tool to expand clean hydrogen industry via production of cheap hydrogen. As such, ICA urges IRS to revisit the proposed regulations and by adding flexibility help the clean hydrogen industry to be built and scaled quickly and provide the industry additional time to develop a robust market before increasing stringency requirements.

Sincerely,

Hossein Tabatabaie
Director of Product management and Analysis