



# Illinois Department of Commerce & Economic Opportunity

JB Pritzker, Governor

## Hydrogen Economy Task Force

July 9, 2024

8:30 am to 10:00 am

Minutes

### Location:

Virtual WebEx Video Conference

Meeting link: <https://illinois.webex.com/illinois/j.php?MTID=m736d95c068876706fb8cbbcbe7ba1d721>

Meeting number: 2632 671 2485

Password: iCJd33rUvj9

Host key: 2827

Join by video system Dial [26326712485@illinois.webex.com](tel:26326712485@illinois.webex.com)

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Join by phone

+1-312-535-8110 United States Toll (Chicago)

+1-415-655-0002 US Toll

I. Call to order at 8:33 am.

II. Roll Call of Membership by Aaron McEvoy.

Rep. Terra Costa Howard: Yes

Sarah Duffy: Yes

Patrick Evans: No

Bradley Fritz: Yes

Jim Hoyt: No

Dan LeFevers: Yes

Carly McCrory-McKay: No

Chad Parker: Yes

Laura Roche: Yes

Dr. Petros Sofronis: Yes

Michael Wang: Yes

Patrick Devaney: Yes

Sen. Laura Ellman: No

Kyle Freeman: Yes

Jon Horek: Yes

Elizabeth Irvin: Yes

George Letavish: Yes

Dulce Ortiz: No

Sen. Sue Rezin: Yes

Doug Scott: Yes

Catherine Stashak: Yes

Dana Wynn: Yes

III. Approval of 5.14.24 Minutes

Doug Scott moved to accept the minutes from May 14, 2024. Chad Parker seconded. The motion passed unanimously by voice vote.

IV. Chair Report

Representative Terra Costa-Howard mentioned that there was no report from the Chair at this time.

V. Topics Presentation (45V Tax Credits)

Presentations for the 45V Tax Credits started with Andrew Posegay, Policy Advisor to Senator Durbin spoke about the Senator's position on 45v and other energy and climate topics leading on Energy and Science issues.

Representative Terra Costa-Howards asked, do you have any ideas, any thoughts, guesstimates as to when we think these rules are going to come out, the final rules I should say?

Andrew Posegay replied by saying thinking whatever anyone's best guess is that you hear, always assume it is going to be at least two weeks after that. Everything always seems to be later than we think it's going to be. I would not even venture to make an estimate right now because the debate around this continues, but I wouldn't say they're necessarily imminent if that makes sense.

Representative Terra Costa-Howards added, I guess the reason there's a nuance obviously to this is with November looming, so one would assume that any rules would come before then. Hopefully to get something in place, but of course rules can always change. So, is that a factor in the timing of this?

Andrew Posegay replied saying, "I imagine that's absolutely a factor for that and a lot of these rules around any of the clean energy tax credit pieces of the Inflation Reduction Act. Because as the current administration is making these rules, I think they're very cognizant of a potential congressional review act where they come back and try to strip away those rules. If Congress should flip or a future administration propagating new rules to immediately erase the old ones. I think absolutely the sooner the better for a lot of reasons and maybe the very least of those is just certainly for how these projects can move forward which that is maybe a good segue if you don't mind. I just recalled something I forgot to mention that there's a significant tie here to the MachH2 hydrogen hub out of the Department of Energy that Illinois is really playing a leading role here in MachH2 is a mass of sprawling proposal with lots of different moving pieces. But a big piece of it is this nuclear-powered clean hydrogen element. So, if you get this additionality piece is wrong then the folks at MachH2 have said it could really jeopardize a lot of the good work that they want to do with that hub. That's a billion-dollar effort coming to the Midwest that could potentially be at risk. Which is the sort of thing that really energizes my boss into wanting to make sure we get this right. We don't want to lose out on a billion dollars that the Department of Energy has already committed to the Midwest for good energy projects like this. So that certainly is a big element we would really like to know about as soon as possible and what this is going to look like."

Dr. Petros Sofronis asked how is waiting for what goes on with 45V affects the project negotiations between the hubs and the Department of Energy? Or how is this tied to the disbursement of the \$1 billion that you said to specific projects? Because in order for the hub to

start and run, I mean the project needs to be defined carefully with negotiations with the DOE and so on and so forth. Is there a hold on what projects are being done?

Andrew Posegay replied, what I'd say as far as the negotiations are concerned is one, my boss is not directly involved in those negotiations, so I'm not privy to all those conversations in the exact status of how the projects are moving forward. If I were to speculate, I would say that not having this credit pinned and its guidance pinned down delays this process significantly. We've already seen some partners on MachH2 and other hubs say that they are really pausing their potential contributions and into negotiations until this kind of comes to light. So, there is an impact for sure what it is specifically I couldn't say because I'm not in the room for those conversations.

Sarah Duffy wanted to know the thoughts towards additionality as it applies to others not like other sources of energy apart from the nuclear side.

Andrew Posegay replied saying, there are a lot of pieces at play as far as renewables are concerned. It sounds like you know and there's something to be said about cannibalizing to quote you there. Potential clean energy on the grid or existing clean energy on the grid. When you think about additionality it is a good idea generally to try to incentivize the creation, the construction of new clean energy resources to do that with renewables has massive wait times right? Huge lead times just to get through things like the permitting process and the interconnection queue to join those resources to the grid. So, the fear that we have around clean energy if there is strict additionality in place is that even if you start to build a whole bunch of new renewable energy projects and add them to the grid, then there's going to be long delays where they won't even be able to qualify for the life of the credit. Which is a ten-year credit but sometimes it takes six to seven years to put up a new renewables project in a state like Illinois. What is more is if you are a state like Illinois which has taken great strides to lead the nation in a lot of ways on the deployment of renewable, even if we're not quite meeting our goals yet. Then I think additionality is a little bit punishing to those states, right? If you've already begun to build all these clean energy projects, if you're deploying a lot of them, but then you can't use that however you see fit for the grid or hydrogen or something else. Then it locks you out of flexibility and more of these benefits are going to go to other states that have not taken such a strong leadership position on renewables in clean energy like Illinois. So, there's a couple of things that are... there's a lot of moving parts as far as renewables are concerned. In some cases, it is even, I would say, a near identical situation to nuclear where it's difficult at times to find the perfect location to build a new project. And if you can't do that, why should you not be allowed to use your existing power for the sake of production of hydrogen if you can't? You're simply prohibited because you can't build new solar panels on a bunch of prime farmlands because the community says that they don't want to build those things there, e.g. I feel like this is complicated and kind of it gets in the weeds in a lot of different directions.

Sarah Duffy added, I know the lead time on renewables is an issue. It's an issue whether renewable energy is going to the electric grid or hydrogen, right? So, if we're prioritizing existing for hydrogen, those lead times then just extend the amount of time that we're waiting for that new generation to add to the electric grid, whether it goes to the grid or to hydrogen, the other

one is going to have that lead time. So, I guess it's just a matter of prioritizing which clean energy resource is most valuable or most urgent for the state.

Michael Wangs added a comment saying, to add to what you said, additionality has a significant impact for nuclear power. On the other hand, the (inaudible)... significant impact for renewable power so these three together has significant impact for lower carbon power sources.

Andrew Posegay replied, for those of you who have not had the opportunity to sit down with Michael and be briefed on the Argonne Greet model that powers really in a lot of ways all these clean energy tax credits that have come out of IRI, I can't recommend it enough. Nobody knows this stuff better than him.

Speaker Katrina Fritz the President and CEO of the California Hydrogen Business Council presented on Decarbonizing California with Hydrogen: Policy Perspective.

Sarah Duffy asked how the California state regulations approached those three pillars, that are at issue for the federal tax credits?

Katrina Fritz replied by saying, the three pillars are still in draft form in the tax credits, so the state regulations have not contemplated the three pillars. They'll be contemplated if in the end what the treasury guidance says, but until that's final it doesn't make any sense to redraw the whack as one of the pillars.

Sarah Duffy clarified that what she meant was for the regulations that are preexisting all the federal tax credits. As a lot of those California regulations have existed for quite some time. So, did they just not address those three aspects of it or...?

Katrina Fritz replied by saying, no the three pillars didn't exist when those regulations went into place.

Representative Terra Costa-Howards stated that Pat Devaney wanted to know about MachH2. I'm not sure if you have information Katrina, in terms of your California hubs in that area. It seems like those are further along and their negotiations with the DOE. Some of them have labor standards already as part of their agreement. Are you aware? I don't know how much information you have about that.

Katrina Fritz replied saying the only information I've had is that I've heard that the contract with DOE might be signed in July or August which has been leading this. I do know that labor was part of the core team that has been leading this, so the governor's office, the University of California system and labor.

Representative Terra Costa-Howards added she does believe those project labor agreements are in your contracts that are going in and Illinois hasn't gotten or doesn't seem to have gotten that far.

Speaker Mason Emmett from Constellation from their Washington DC office spoke about the type of ideas that have been offered to hopefully provide a pathway forward for the treasury.

Dr. Petros Sofronis asked during your negotiations in the discussions with the treasury have you ever mentioned whether this additionality condition, whether it is applied in the case of battery electric vehicles when they come into the grid? What was the answer?

Mason Emmett replied with the treasury we have had one listening session not specific to us, the treasury is in listening mode. They do not kind of publicly engage within their deliberations. But as we talk to other folks within the administration on this point the general response tends to be well EVs are different. EVs have an emissions profile that is larger in improvement compared to combustion engines. So, therefore the emissions associated with the electricity used to power the EVs still have net emissions in benefit compared to internal combustion engines. So, then we get into detailed discussions about, what about plugin hybrids and other alternatives? Like there it is a complicated question to answer and that is why in our view Congress said while I'm going to cut through this and tell you to use the GREET model. What we instead saw treasury and the Department of the Energy do is say well I'm going to modify the GREET model and... (inaudible). So, we don't from our perspective understand that there are complicated issues, but we are not seeing total kind of alignment with the logic and the outcome.

Michal Wang added that yes GREET has, (inaudible). And yes, even as we all know it is now zero emission vehicles. On the other hand, if we turn to a different regulation under EPA the top part emission standards EPA does create zero emission vehicles. And furthermore, historically in the last several years besides, (inaudible), zero emission vehicles for L-pod for the emission standards even EPA give multiple for one single manufacturers. So, there is this significant preferential treatment of regulations, even though we know great has and now zero emission vehicles (inaudible).

Mason Emmett agreed and said I think that's a great point. It just indicates there are policy choices that are being made by regulatory agencies and attempting to be consistent with the statutory standards as they are interpreting them. But our concern in the 45V context with hydrogen production is that a more limited policy choices being made then is necessary to meet the own standard that they're applying that we disagree with. But we will meet them where they are and then attempt to interpret it in a way that's going to be workable for our hub in the state of Illinois. We are hopeful that we end up with some positive movement, but we'll have to wait and see.

Michael Wang added to the question to Katrina, the California regulations LCFS and other regulations additionality is not in the existing regulations. So, it is a new issue in RA. And under RA the Energy Center based is on domestic contact and not based on emission performance. So, your treasury does not need to address emissions of only the domestic contact of events. So that's a gap in RA but as I mentioned different regulations under EPA or Department of Transportation needs are, (inaudible), and zero emission (inaudible).

Mason Emmett added that mentioning the earlier question as well he thought that Governor Pritzker has submitted a letter in the context of the 45V regulations and he did, urging the adoption of regulations which provide a pathway.

Michael Wang added that the 45V hours so many hydrogen production pathways. The relevant pathways for California and Illinois are the (inaudible) pathways. Hydrogen products from now it's produced from a natural gas even call and they are your pathways available under 45V they get as not as CCS is included so these three issues are specifically on prod to electrolytics pathways only.

Mason Emmett added there is a concern among the folks on the electrolytics side that overly restricted rules will then push towards the so-called blue hydrogen, some reformation, and then the sequestration of the resulting carbon. Which then would take you to things like the capture, the delivery, the sequestration, and issues that this task force has considered.

Michale Wang added at least at a broader contact, the blue hydrogen regions are Pennsylvania, West Virginia hydrogen origin the gulf coast hydrogen origin. (Inaudible) in blue hydrogen but the Mid-West is primarily on the electrolytics origin. And the West coast is the electrolytics origin. So, the effect is different among the seven potential origin pumps.

#### VI. Old Business

- Decision-making one-pager (Action Required)

Representative Terra Costa-Howard asked the task force if there were any thoughts or suggestions regarding the one-pager sent out about for decision making within the task force.

Chad Parker moved to accept the one-pager for the decision making of the task force. Catherine Stashak seconded. The motion passed unanimously by voice vote.

#### VII. Task Force Administrative Business

Representative Terra Costa-Howard mentioned that there was no task force administrative business to discuss at this time.

#### VIII. Task Force Members information share

Dana Wynn shared that she applied for and is participating in the Metro East, the US EPA region five group, CPS academies (also known as the Collaborative Problem-Solving model) that was developed as part of the Justice 40 initiative. She shared that she thinks the academy is a good model and is providing useful information that she plans to share with college presidents and some of the community college administrators for possible replication in their communities later in the year. She also mentioned that she reached out to some people that are on that administration team to possibly speak at today's meeting on the 45V ruling from the perspective of the EPA. But unfortunately, they were not able to get anybody together and they might have someone available to speak in the future from the EPA, who regulates a lot of these issues as well as the agency that developed the CPS models.

IX. MachH2 News

Representative Terra Costa-Howard mentioned that there was no MachH2 news to discuss at this time.

X. Audience Comment Period

Representative Terra Costa-Howard opened the floor for public comment. No one from the public requested to comment.

XI. Adjournment.

The adjournment of the meeting was moved by Dana Wynn. Second by Representative Bradley Fritts at 9:47 am.

Future Meetings

- a) Tuesday, September 10th at 8:30 am
- b) Tuesday, November 12th at 8:30 am

Materials

- 1. IL H2 TF Procedures document
- 2. Katrina Fritz PowerPoint presentation