



July 7, 2023

Mark Sippola, Ph.D  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**Re: Renewable Gas and Green Electrolytic Hydrogen Needed to Decarbonize Industry**

Dear Dr. Sippola:

Thank you for the opportunity to comment on the June 14, 2023, Joint Cap-and-Trade Program Workshop. AquaHydrex supports the Cap-and-Trade Program and the California Air Resources Board's (CARB's) efforts to decarbonize the industrial sector and achieve carbon neutrality. We urge, you through upcoming Cap-and-Trade amendments, to develop mechanisms that support the expanded use of green electrolytic hydrogen in the cement and other industrial sectors, in order to achieve the objectives of SB 596 and the 2022 Climate Change Scoping Plan.

**About AquaHydrex**

AquaHydrex is an American company commercializing a purpose-driven, clean-sheet redesign of electrolysis for producing low-cost green electrolytic hydrogen from intermittent renewables at scale. We see green electrolytic hydrogen, aided by the dramatic reduction in the cost of renewable energy, practical at scale and a key component of achieving deep decarbonization, including of the cement and other industrial sectors.

Our own proprietary insights, based on our clean-sheet redesign of electrolysis to create the ideal platform for green hydrogen at scale, show an incredible roadmap for reducing the cost of electrolysis and green hydrogen production, especially when directly tied to inexpensive variable renewable energy. The recent addition of production tax credits under the Inflation Reduction Act will support additional cost reductions and help make green hydrogen a more affordable and widely available clean energy solution than many currently anticipate.

**CARB Should Incentivize Use of Green Electrolytic Hydrogen in the Industrial Sector through Cap-and-Trade**

Green electrolytic hydrogen offers the most scalable renewable gas solution to decarbonize industry, power, transportation and other sectors. We encourage CARB to identify and pursue mechanisms through the Cap-and-Trade Program to support near-term deployment of green hydrogen in a wide array of sectors – especially power and industry, and including cement, pursuant to SB 596 – in order to achieve carbon neutrality and the objectives of the Scoping Plan. One way to do this is to allocate allowances to green electrolytic hydrogen production in a



manner that provides similar value to the production and use of that gas in the transportation sector under the Low Carbon Fuel Standard. These allocations could be structured to support early action to deeply decarbonize industry and thermal power plants, and accelerate progress toward the State's climate goals – including achieving more stringent 2030 greenhouse gas targets than might be possible otherwise.

Thank you again for the chance to provide feedback on this workshop. We appreciate CARB's diligent efforts to decarbonize industry, fuels, and California's economy, and we look forward to working with you through the Cap-and-Trade amendment process and otherwise to help achieve the State's goals.

Sincerely,

*Sam Morton*

Sam Morton  
Senior Director of Strategy and Development  
AquaHydrex