



This is our last client note of 2023 – barring any major news. Happy holidays from everyone at Pioneer - we're looking forward to another year of fighting the good fight!

Client Note: IRS Makes Big Announcements Before Heading Home for the Holidays

Highly Anticipated 45V Clean Hydrogen Tax Credit Guidance Released

This morning, [IRS proposed](#) the initial tax rules for clean hydrogen production. While we're still making our way through the [128-page notice](#), it appears the IRS chose to be more restrictive in nearly every way, which is likely to continue the tricky debate over the proper rules for the tax incentive. Environmental groups and climate hawks applauded the proposal, as it implements the three pillar requirements around sourcing electricity they championed: new electrical generation, tightly-defined geographic deliverability requirements, and time-matching. The rule 1) only allows companies to buy clean power from production facilities brought onto the grid within three years of service, 2) requires them to source electricity from the same tightly defined region as the hydrogen facility, and 3) while it allows for annual matching until 2028, after that hydrogen production is required to match the energy output on an hourly basis, without grandfathering projects placed in service before then. Industry groups and a handful of Democratic Senators (including Chairmen [Joe Manchin](#) [D-WV], [Tom Carper](#) [D-DE], and Sherrod Brown [D-OH]) criticized the draft framework as lacking pragmatism and economic viability; they will likely continue their vocal opposition throughout the sixty-day comment period.

Although this initial guidance is a huge step in finalizing the rules for 45V, Treasury held off on answering other major questions around how the credit could be used with nuclear generation and from renewable natural gas.

Energy Credits Pre-Filing Registration Tool Announced

Also this morning, [Treasury launched its Energy Credits Online pre-filing registration tool](#) to help those interested in receiving a direct payment or transferring a clean energy credit. Entities interested in accessing the credits are required to complete this process in order to receive a registration number, which must then be included on the annual return when utilizing the elective pay and transferability mechanisms. Additional instructions on maneuvering this process can be found in [this user guide](#), [video tutorial](#), and [webinar](#) on January 9th.

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