

March 7, 2023

Connecticut Energy & Technology Committee
Legislative Office Building, Room 3900
Hartford, CT 06106

Re: HB 6851 – An Act Implementing Recommendations of the Hydrogen Task Force

Senator Needleman, Representative Steinberg, Senator Fazio, Representative Buckbee, and honorable members of the Energy & Technology Committee, thank you for the opportunity to present testimony on: HB 6851 – AA IMPLEMENTING RECOMMENDATIONS OF THE HYDROGEN TASK FORCE:

My Name is Ben Butterworth, and I am the Director of Energy, Climate, and Equity Analysis at Acadia Center. While Acadia Center is supportive of the use of green hydrogen in certain sectors of the economy, we oppose this bill absent substantial revisions. Section 4 of the bill offering tax exemptions to any “*clean hydrogen project*” is much too broad. Under this act, a clean hydrogen project would be defined as “...*any project that produces, transports, stores or uses clean hydrogen.*” Section 4 extends the existing solar tax exemption to include “...*equipment related to such systems or projects, and sales of services relating to installation of such systems or project.*”

This language is incredibly broad and appears to encompass any end use technology that could conceivably use hydrogen as a fuel. Such broad tax exemption would be in direct conflict with reasonable state policy, and the recommendations of the Task Force’s Report which specifically calls on the legislature to “*Evaluate broader policies that would facilitate the decarbonization of hard-to-electrify sectors, including long-haul heavy-duty trucking, aviation, shipping, and industrial processes.*”

As the Task Force Report lays out, some potential hydrogen end uses clearly don’t fall into this categorization of “*hard-to-electrify*”, including using hydrogen to decarbonize building heating and passenger vehicle transportation. For example, with regard to building space heating, the Task Force Report states, “...*heat electrification will ultimately be the most cost-effective option for reducing carbon emissions for core customers, even assuming hydrogen blends are kept at a levels that avoid infrastructure upgrades.*” With regard to hydrogen fuel cell passenger vehicles, in comparison to battery electric passenger vehicles, the report described them as “...*more expensive in terms of both upfront purchase and fueling costs.*” The Task Force Report defined the “*highest priority*” and “*high priority*” end uses for hydrogen in Connecticut – neither building space heating nor passenger vehicles appeared on these lists.

The bill calls on DEEP to develop a “*clean hydrogen strategic plan*” that will “...*prioritize the application of clean hydrogen for end uses and sectors within the state that are the most difficult to transition to being operated using electricity.*” Prioritizing hydrogen for the sectors of the economy that are most challenging to electrify – including aviation, shipping, and high-heat industrial processes – makes sense. But Section 4’s broad tax exemptions for hydrogen end use technologies in *all* sectors of the economy is inconsistent with this recommendation. Section 4 would lead to tax exemptions for technologies like residential hydrogen boilers and hydrogen fuel cell passenger vehicles. This

would both unnecessarily cut into the state's tax base and allocate funds to hydrogen when instead taxpayer funds should be allocated to more cost-effective decarbonization solutions for the building and transportation sectors like heat pumps and battery electric vehicles.

Thank you for your time.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Butterworth". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Ben Butterworth
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