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Grant Hogg
Executive Director, Cross Sectoral Energy Division
Environment and Climate Change Canada
351, boul. Saint-Joseph, Gatineau, QC K1A 0H3
Delivered by email to: modeleacvcarburant-fuellcamodel@ec.gc.ca

Dear Mr. Hogg,

Subject: Reinforced Support for Strategic Development of Canada's Hydrogen Sector – Consolidated Comments on "Pre-publication: Updated carbon intensities for Canadian grid electricity and excess electricity to grid processes"

On behalf of the Canadian Hydrogen and Fuel Cell Association (CHFCA), we wish to express our reinforced support for the strategic development of Canada's hydrogen sector, and our alignment with the essential points raised in the recent correspondence from several CHFCA members concerning the pre-publication with proposed updates to carbon intensities for Canadian grid electricity.

We acknowledge the importance of accurate, province-specific carbon intensity (CI) data within the Life Cycle Assessment (LCA) model for investment certainty in the burgeoning hydrogen sector. This aligns with our strategic goal of utilizing Canada's clean grids, underpinned by the Clean Electricity Regulations' anticipated further greening of our grids by 2035.

Drawing from the collective insights of our members, we recommend that Environment and Climate Change Canada (ECCC) consider establishing a consistent schedule for revising provincial grid CI values and developing long-term CI projections. Such measures will offer clarity and stability for hydrogen producers and project developers across Canada.

Additionally, we emphasize the importance of re-evaluating the Clean Hydrogen Investment Tax Credit (ITC) eligibility thresholds in light of changes in grid CI. This re-evaluation should reflect the ongoing efforts in grid decarbonization, especially in provinces actively pursuing these initiatives.

A harmonized approach in calculating grid CI is essential for maintaining equity in the hydrogen sector. This harmonization should involve federal and provincial entities, ensuring that the LCA model and the Clean Hydrogen Investment Tax Credit (ITC) eligibility align with the rigorous standards of the global green energy markets.

Further, we advocate for policy adjustments that better accommodate provinces actively pursuing grid decarbonization, enhancing the feasibility of clean hydrogen projects, especially those connecting to the grid.

We also highlight the challenges surrounding Power Purchase Agreements (PPA), particularly in relation to CH ITC requirements. Addressing these challenges is crucial to foster significant investments in clean hydrogen projects.

In closing, we stress the need for increased collaboration and transparency in the development of CI data and policies. This should include engagement among provincial governments, utilities, and industry partners to ensure accuracy and effectiveness in policy development.

The CHFCA is committed to supporting Canada's pivotal role in the global energy transition. We recognize the importance of integrating insights from our diverse membership base and look forward to further engagement on this matter, aiming to establish a future where hydrogen plays a central role in Canada's energy landscape.

The CHFCA, representing a diverse and committed group of approximately 200 stakeholders, eagerly seeks an opportunity for a collaborative dialogue with you and your team. Our aim is to delve deeper into the issues and suggestions highlighted in this letter, fostering a shared understanding and vision for Canada's hydrogen sector. We appreciate your consideration of our collective insights and look forward to engaging in a meaningful and constructive conversation.

Sincerely,

Ivette Vera-Perez

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