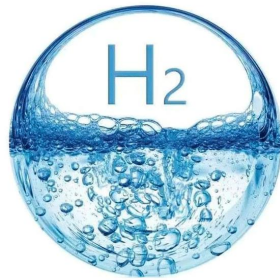


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Overcoming Regulatory Barriers

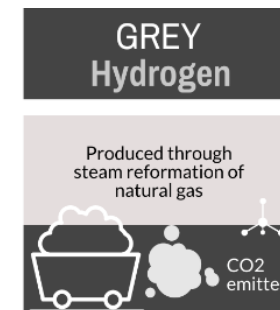
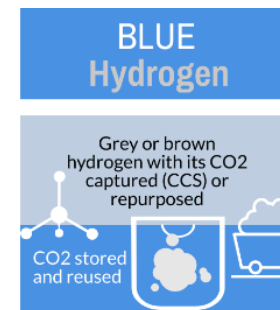
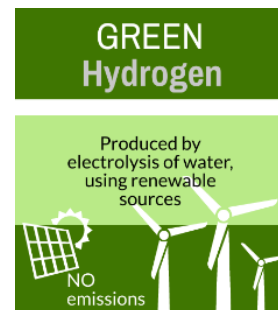
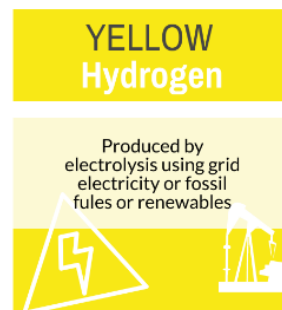
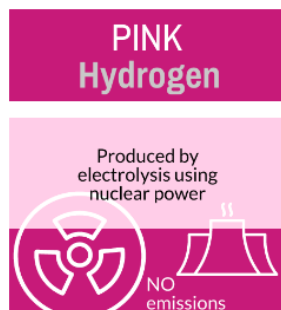
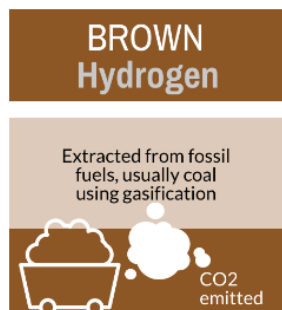


December 5, 2022

ISRAEL'S LEADING INTERNATIONAL LAW FIRM

Hydrogen Categorizing – The Hydrogen Rainbow

- ❖ **The current situation** – Hydrogen colour spectrum: a subdivision of Hydrogen into different colour codes (green, blue, grey, brown, turquoise, pink etc.), whereas each colour represents a different method or process used to produce the Hydrogen
- ❖ **The desired situation** – analyzing the overall Carbon Intensity for each Hydrogen production method in order to provide a more complete picture of the overall **carbon footprint** of Hydrogen production



ISRAEL – Current Programs and Policy

- ❖ In 2021 the Ministry of Energy published a plan to meet targets for reducing emissions in the energy sector in 2050
 - ❖ Target of 75-85% reduction in greenhouse gas emissions in the sector by 2050 was set. At COP26 an ambitious zero emissions target was declared by the government
 - ❖ Adapting the gas system to transport Hydrogen
 - ❖ Promoting clean transportation and the use of Hydrogen vehicles
- ❖ Government Goals for producing electricity from renewable energy: 30% by the end of 2030 and 20% by the end of 2025
- ❖ In 2022 the Ministry of Environmental Protection published a technical-economic action plan for the transition to an efficient, clean and innovative industry (allocation of NIS 100 million)
 - ❖ Grant program for the production of green and yellow Hydrogen
 - ❖ Identifying and examining suitable locations for the creation of "Hydrogen Valleys" in Israel
- ❖ Pricing of greenhouse gas emissions and carbon tax to all fuels in the economy – still pending



Barriers of the Hydrogen Sector in Israel

- ❖ **Lack of Regulation** – no clear policy nor regulatory framework
 - ❖ No clear dedicated law which can apply on Hydrogen
 - ❖ Carbon Intensity – no clear certification for carbon footprint
- ❖ **Demand** – creating a local market for hydrogen;
- ❖ **Lack of substantial incentives** – for both entrepreneurs and consumers
- ❖ **Hydrogen Transmission.**
- ❖ **Costs** – Taxation as possible solution. Economy of Scale



USA

The Inflation Reduction Act (IRA)

- ❖ Corporations, individuals, and state and local governments are all eligible to receive funding
- ❖ Tax Incentives: the IRA relies heavily on the tax code and revises it to incentivize the deployment of low carbon technologies
- ❖ Production Tax Credit (**PTC**) and an Investment Tax Credit (**ITC**) for clean hydrogen Projects (for both consumers and private investments);
 - ❖ **PTC**: is paid over the 10-year period beginning on the date the facility is placed in service
 - ❖ **ITC**: a one-time payment after the facility is placed in service;

