SUPPLEMENTAL SCATTERGOOD COMMENT RE FEDERAL CHANGES

October 10, 2025

Via Electronic Mail

Los Angeles Department of Water and Power
Corporate Environmental Affairs Environmental Planning and Assessment
Attn: Jazmin Martin
111 N. Hope Street, Room 1044
Los Angeles, CA 90012
Email: Scattergood_CEQA@ladwp.com

RE: Supplemental Public Comments - Scattergood Draft Environmental Impact Report State Clearinghouse Number 2023050366

To Ms. Martin, Ms. Rubin, Ms. Hauptman, and Ms. Parker:

These supplemental comments address the effect on the Scattergood Project of the July amendments to 26 U.S. Code 45(v) and the recent cancellation by the Trump Administration of federal funding for the Alliance for Renewable Clean Hydrogen Energy Systems ("ARCHES").

Communities for a Better Environment ("CBE") and the Center for Biological Diversity ("CBD") submit this supplemental comment letter to the Los Angeles Department of Water & Power ("LADWP") regarding the Draft Environmental Impact Report ("DEIR") for the Scattergood Generating Station Units 1 and 2 Green Hydrogen-Ready Modernization Project ("Project"). CBE & CBD in coalition with California Environmental Justice Alliance, Central Coast Alliance United for a Sustainable Economy, Food & Water Watch, Los Angeles Waterkeeper, Sierra Club, and Vote Solar submitted a comment letter, *RE: Public Comments - Scattergood Draft Environmental Impact Report State Clearinghouse Number 2023050366* ("NGO Comment Letter") on April 7, 2025.[1] The NGO Comment Letter expresses concern that "programmatic cumulative environmental impacts for the suite of new infrastructure and transportation needed to enable hydrogen combustion at Scattergood" must be analyzed as part of the Project.[2]

[1] California Environmental Justice Alliance, *et al.*, *RE: Public Comments - Scattergood Draft Environmental Impact Report State Clearinghouse Number 2023050366*, (Apr. 7, 2025) ("NGO Comment Letter").
[2] NGO Comment Letter at 2.

The Project would replace Scattergood Generating Station units 1 and 2 with a new combined cycle pair of generating units capable of combusting blended methane-hydrogen fuel mix. The DEIR explicitly touts the Project's hydrogen capability as core to LADWP's plan for "conversion from natural gas to green hydrogen in its in-basin combustion-turbine generation system as the City of Los Angeles (City) transitions to a carbon-free electrical energy system."[3] While the DEIR carefully notes that green hydrogen supply does not need to be analyzed as part of the Project, LADWP's statements in the DEIR and other contemporaneous planning documents makes clear that LADWP is planning to combustion hydrogen at Scattergood once the new units are placed into service.[4] The DEIR further elaborates that the "necessary infrastructure for the production, delivery, and storage of green hydrogen needed to support the proposed project currently does not exist" but that California collaboration through ARCHES (of which LADWP is a member) with the U.S. Department of Energy would expand hydrogen infrastructure that the Project relies on.

Reduction of the 45V Tax Credit

Less than two months after the NGO Comment Letter was submitted on April 7, H.R 1 (119th Congress 2025-2026) was signed into law.[5] H.R. 1 amends 26 U.S. Code 45(v) ("45V") shortening the availability of billions of dollars in clean hydrogen production tax credits by 5 years. The amendment means these subsidies will be at least 1 year gone by the time the Project is placed into service. The 45V tax credit provides up to $3.00/kilogram of hydrogen produced, offering a greater credit the lower a kilogram of hydrogen's lifecycle GHG emissions impacts from production.[6] For the Project, which will use zero-carbon green hydrogen, the loss of this subsidy is likely to severely impact the price of eligible fuel.[7]

Pre-H.R. 1 analysis from the Center for Strategic & International Studies gets to the heart of the issue:

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[3] LADWP, *Draft Environmental Impact Report: Scattergood Generating Station Units 1 and 2 Green Hydrogen-Ready Modernization Project*, 3-1 (Oct. 2024) *available at* https://www.ladwp.com/sites/default/files/2024-10/Scattergood%20Modernization%20Project%20-%20DEIR.pdf ("DEIR").

[4] LADWP, *LA100 Plan Advisory Group Meeting #6 (SLTRP & DSA)*, 65 (pin cite refers to internal pagination) (Dec. 5, 2024) *available at* https://www.ladwp.com/sites/default/files/2024-12/LA100%20Plan%20AG%206%20SLTRP%20and%20DSA%20Final.pdf (The LA100 Plan "Assumes multiple green hydrogen-ready generation projects come in-service to serve as backup." And assumes that "all green hydrogen-ready generation is operating solely off green hydrogen" by 2035);
National Renewable Energy Laboratory, *Scattergood Modernization Project Alternatives: Summary of Findings*, 35, Figure A-1 (Feb. 2025) *available at* https://www.ladwp.com/sites/default/files/2025-03/Scattergood%20Moderniazation%20Alternative%20Study%20Final.pdf (the National Renewable Energy Laboratory Scattergood study was produced under the direction of the Los Angeles Department of Water and Power).

[5] H.R. 1, 119th Cong. § 70511 (2025) ("Section 45V(c)(3)(C) is amended by striking "January 1, 2033" and inserting "January 1, 2028"" meaning clean hydrogen production subsidies will be terminated in 2028, at least 1 year before Project units are placed in service.

[6] U.S. Department of Energy, *Clean Hydrogen Production Tax Credit (45V) Resources*, (Jan. 3, 2025) https://www.energy.gov/articles/clean-hydrogen-production-tax-credit-45v-resources.

[7] DEIR at 3-3.

> Electrolysis-based clean hydrogen currently costs about $5–7 per kilogram and accounts for less than 1 percent of current hydrogen production. While 45V could bring down the cost to between $2 and $4 per kilogram in the near term, it is expected to play a catalytic role in materializing further cost reductions from deploying this production pathway at scale.

However:

> [The] U.S. clean hydrogen industry is at risk of falling behind its peers due to ongoing policy uncertainty.
> The fate of most early-stage projects in the U.S. development pipeline, as well as the success of the H2Hubs program, and by extension the clean hydrogen industry writ large, hinges on the preservation of the 45V tax credit.[8]

The 45V tax credit that existed when this analysis was performed has not been preserved. The reduced availability of subsidies for green hydrogen will severely hamper the "catalytic role in materializing further cost reductions" envisioned in the above analysis and is likely to cause a hydrogen price spike shortly before the Project is completed.

Cancellation of funding for ARCHES

ARCHES promised a source of green hydrogen for the Project. ARCHES was created under the Bipartisan Infrastructure Law of 2021, which directed the U.S. Department of Energy ("DOE") to establish at least four hydrogen hubs in the United States. ARCHES was selected by DOE on October 13, 2023, to negotiate for up to $1.2 billion in federal funding, and on July 17, 2024, ARCHES signed a hydrogen hub cooperative agreement with DOE. Among ARCHES priorities are to "[p]rioritize renewable, clean H2 …[f]ocus efforts on regions with the highest current amounts of pollution and airborne toxins … [and] [c]reate an economically sustainable, expanding, renewable H2 market."[9]

DOE, describing the need for an Environmental Impact Statement (under NEPA) for ARCHES, explained:

> As currently structured, the California Hydrogen Hub encompasses approximately 35 projects including clean hydrogen production facilities that could produce 450-500 metric tonnes per day of clean hydrogen from renewable electricity and biogenic sources, connective infrastructure including refueling stations and pipelines, and a range of end uses including fuel-cell electric trucks, fuel-cell

[8] Mathias Zacarias, *Understanding 45V and Clean Hydrogen's Importance to U.S. Energy Leadership*, Center for Strategic & International Studies (Apr. 23, 2025) https://www.csis.org/analysis/understanding-45v-and-clean-hydrogens-importance-us-energy-leadership.
[9] ARCHES, *About*, https://archesh2.org/about/ (*accessed on* Oct. 8, 2025).

electric buses, a marine vessel, cargo handling equipment, power generation via turbines, and stationary fuel cells.[10]

But on October 1, 2025, the DOE eliminated all $1.2 billion in federal funding for the ARCHES endeavor.[11] Green hydrogen from ARCHES is no longer a possibility to fuel the Project. As we noted in our April 7, 2025, comment letter, the DEIR at 3-3 recognizes that: "The necessary infrastructure for the production, delivery, and storage of green hydrogen needed to support the proposed project currently does not exist." This situation has gotten worse with the shuttering of ARCHES.

Given these two significant changes, we believe that a new DEIR must be prepared that analyzes whether the Project can go forward at all with hydrogen fuel, and, if not, what other fuel sources and emissions projections will be considered by LADWP.

Sincerely,

Theo Caretto
Staff Attorney
Communities for a Better Environment

David Pettit
Senior Attorney
Center for Biological Diversity

[10] U.S. DOE, *DOE/EIS-0570: California Hydrogen Hub*, https://www.energy.gov/nepa/doeeis-0570-california-hydrogen-hub (*accessed on* October 8, 2025).
[11] *See, e.g.*, ARCHES, *ARCHES CEO Angelina Galiteva on DOE's decision to cut federal funding for California hydrogen hub*, (Oct. 1, 2025), https://archesh2.org/arches-ceo-angelina-galiteva-on-does-decision-to-cut-federal-funding-for-california-hydrogen-hub/.