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New United States Inflation Reduction Act provides incentives for PowerTap to expand in USA outside of California

VANCOUVER, British Columbia and IRVINE, Calif., Aug. 17, 2022 (GLOBE NEWSWIRE) -- PowerTap Hydrogen Capital Corp. (NEO: MOVE) (FWB: 2K6) (OTC: MOTNF) ("PowerTap" or the "Company" or "MOVE") is pleased to provide an update on the US Inflation Reduction Act (IRA) of 2022 recently signed by President Biden, which allows PowerTap to expand outside of California since the incentives are now also at federal level.

The Inflation Reduction Act (IRA) of 2022 will result in an investment of \$369 billion in energy and climate change programs ([link here](#)) and will avoid 6.3 billion tons of cumulative greenhouse gas emissions by 2030 ([Princeton University ZERO Lab Preliminary Report: The Climate and Energy Impacts of the Inflation Reduction Act of 2022](#)), amounting to a 40 percent annual emissions reduction compared to 2005 levels ([link here](#)). The IRA provides the government support that PowerTap and the hydrogen industry has been waiting for to prioritize hydrogen as a solution that propels private sector investment in clean hydrogen. According to recently published analysis from global law firm Shearman and Sterling ([link here](#)), this critical legislation positions the USA as among the most competitive places in the world to develop green hydrogen projects across the value chain. It will inevitably spur other countries to develop subsidies of their own to ensure domestic production, and the IRA should therefore be viewed as a momentous boost to the development of a worldwide hydrogen economy. This significant US government investment is a major step toward reducing the United States' greenhouse gas emissions that leads to the conclusion that hydrogen will play a meaningful part in that effort.

According to detailed analysis provided by Recharge, the world's leading business intelligence source for the renewable energy industries ([link here](#)), the \$433B Inflation Reduction Act of 2022 creates a tax credit that would pay PowerTap and other clean hydrogen producers up to \$3 per kilogram (adjusted for inflation). PowerTap intends to focus its efforts on maximizing the available tax credits closely following the criteria identified here. The size of the tax credits available to US clean hydrogen producers depends on the lifecycle greenhouse gas (GHG) emissions of each project — and more importantly, on how much staff are paid. The basic tax credit rate for "qualified clean hydrogen" is set at \$0.60/kg, with a sliding scale depending on lifecycle emissions — measured in carbon dioxide-equivalent (CO₂e) — of the hydrogen produced. Hydrogen manufactured with less than 0.45kg of lifecycle CO₂e emissions per kg of H₂ would receive 100% of the credit, followed by 33.4% for 0.45-1.5 kg CO₂e/kgH₂, 25% for 1.5-2.5 kg and 20% for 2.5-4 kg. The lifecycle emissions would have to be verified "by an unrelated third party," and only projects that start construction before 2033 would qualify, which will provide benefits for PowerTap projects that will begin construction starting in 2023. However, the wage requirement in the new bill seems to be the most important part of the deal — multiplying the size of the tax

credit by a factor of **five**. Producers would be eligible for this boost if they ensure “that any laborers and mechanics employed by contractors and subcontractors in the construction of such facility... shall be paid wages at rates not less than the prevailing rates for construction, alteration, or repair of a similar character in the locality in which such facility is located as most recently determined by the Secretary of Labor.” Importantly, these lifecycle emissions are calculated from “well-to-gate” — in other words, they would include upstream methane emissions in the production of blue hydrogen (which is made from natural gas with incomplete carbon capture and storage).

With PowerTap’s focus on the use of a blend of renewable natural gas (RNG) and natural gas to ensure a zero to negative carbon intensity for its PowerTap Gen3 modular hydrogen production and dispensing unit (MHPDU), PowerTap’s blue hydrogen is the perfect solution for the USA market given the abundance of natural gas and book-and-claim RNG infrastructure as described in its May 2021 press release (link to that press release [here](#)). With the passage of the IRA, the future of hydrogen as the green fuel of choice for long-haul heavy-duty transportation and existing fuel cell electric vehicles is all but assured. Given this and the current reality that there are only 100 active hydrogen fueling stations in the USA, thousands of hydrogen fueling stations are needed now and will be needed in the future.

In addition, this hydrogen USA federal tax credit that PowerTap expects to qualify for is on top of the State of California LCFS (Low Carbon Fuel Standard) hydrogen refueling infrastructure and dispensing carbon credits that PowerTap and other hydrogen producers will receive (latest LCFS guidance from the State of California is [here](#)).

Raghu Kilambi, CEO of PowerTap noted, “The IRA will allow PowerTap to expand its focus into the rest of the USA (outside of California) due to the needed attractive incentives to build hydrogen infrastructure. We are also pleased that this legislation is awarding federal incentives including tax credits to both green and blue hydrogen producers in the United States. While we believe in green hydrogen (electrolysis) and have several investments in the green hydrogen space, we believe that blue hydrogen is the appropriate solution for the United States for the next decade due to the high cost of electricity that is needed to produce green hydrogen. We agree with Wes Edens’ (Co-Founder, Principal and Co-CEO of Fortress Investment Group, a US\$ 50 billion asset manager) recent comments on CNBC that “blue hydrogen has the potential to have a much larger market share in the USA than green hydrogen due to cost advantages and the use of natural gas and renewable natural gas.”

ABOUT POWERTAP HYDROGEN CAPITAL CORP.

PowerTap Hydrogen Capital Corp., through its wholly owned subsidiary, PowerTap Hydrogen Fueling Corp. (“PowerTap”), is focused on installing hydrogen production and dispensing fueling infrastructure in the United States. PowerTap’s patented solution has been developed over 20 years. PowerTap is now commercializing its third-generation blue hydrogen product that will focus on the refueling needs of the automotive and long-haul trucking markets that lack hydrogen fueling infrastructure. There are currently under 100 operational publicly available hydrogen stations in the United States with most of the existing stations purchasing industrial hydrogen from industrial manufacturers and shipping hydrogen to individual stations via tanker trucks.

www.PowerTapcapital.com
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PowerTap Hydrogen common shares are listed on the NEO Exchange. Please visit the company's profile on the NEO Exchange website at <https://www.neo.inc/en/live/security-activity/MOVE#!/market-depth>

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This press release contains "forward-looking statements" or "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of PowerTap. Some assumptions include, without limitation, the development of hydrogen powered vehicles by vehicle makers, the adoption of hydrogen powered vehicles by the market, legislation and regulations favoring the use of hydrogen as an alternative energy source, the qualification for carbon credits (including the availability of credits, benefits, emission reductions, offsets and allowances, howsoever entitled, attributable to the production, combustion or other use of biogas), the availability of sufficient RNG feedstock the Company's ability to build out its planned hydrogen fueling station network, and the Company's ability to raise sufficient funds to fund its business plan. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or be achieved. This press release contains forward-looking statements pertaining to, among other things, the timing and outcome of municipality/county hearings to determine the suitability of the Company's site designs. Forward-looking information is based on current expectations, estimates and projections that involve a number of risks, which could cause actual results to vary and, in some instances, to differ materially from those anticipated by the Company and described in the forward-looking information contained in this press release.

Although the Company believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given as to future results, levels of activity and achievements and such statements are not guarantees of future performance.

The forward-looking information contained in this release is expressly qualified by the foregoing cautionary statements and is made as of the date of this release. Except as may

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Source: PowerTap Hydrogen Capital Corp.