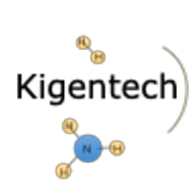


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Submitted On: 12/21/2023
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**Comments in Response to IRS Notice 2022-58 Request fo
Comments on the Credits for Clean Hydrogen and Clean Fuel
Producti**

Additional submitted attachment is included below.



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November 1, 2023

Via Online Portal (www.regulations.gov)

Internal Revenue Service
CC: PA: LPD: PR (Notice 2022-58)
P.O. Box 7604
Room 5203
Ben Franklin Station
Washington, DC 20044

Re: Kigen Technology, Inc. Comments in Response to IRS Notice 2022-58: Request for Comments on the Credits for Clean Hydrogen and Clean Fuel Production

Dear Ms. Batchelder:

Kigen Technology, Incorporated (“Kigen Technology”) appreciates the opportunity to submit this comment letter in response to Notice 2022-58 to address the Credits for Clean Hydrogen under Section 45V of the Internal Revenue Code of 1986, as amended. If implemented correctly, the Section 45V tax credit has the potential to spur the development of the nascent hydrogen industry and create a new market for low carbon fuels. Because the Treasury Department’s forthcoming guidance is likely to impose a number of record keeping and compliance requirements, these comments are intended to provide the Internal Revenue Service (“IRS”) with insight into an emerging technology solution that can be used to substantiate compliance with any such standards or requirements.

Background

Kigen Technology, based in San Jose, California, is developing an advanced Polygon blockchain solution that can help companies track hydrogen throughout the supply chain—from production to end use. Kigen Technology’s software solution thereby ensures supply chain transparency and data integration that can support regulatory compliance as we transition to a net-zero economy by 2050.

Kigen Technology’s software platform offers companies a robust solution to meet the IRS’s impending regulatory guidance and international standards such as the European Union’s (“EU”) hydrogen and fuel



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transport directives. By facilitating hydrogen traceability and data accuracy, our platform can serve as a pivotal tool for businesses navigating the intricate, global energy regulatory landscape and IRS's forthcoming rules. Kigen Technology's platform can also streamline the due diligence process for companies transferring their Section 45V tax credits and it will provide users with detailed and verifiable records that can support claims made to the IRS, as well as bolster trust and transparency in tax-related transactions.

Meticulous Record Keeping Will Likely Be Critical to Compliance

No matter the substance of the IRS's forthcoming guidance, companies wishing to benefit from the Section 45V tax credit will likely be required to meticulously track and maintain records demonstrating that they meet whatever "additionality," "time matching," "regionality" or other criteria may emerge during the rulemaking process. They will likewise have to demonstrate that the lifecycle greenhouse gas emissions from the hydrogen they produce do not exceed the applicable thresholds. Other countries and international organizations are also establishing regulatory frameworks to ensure that hydrogen produced or imported into their jurisdictions meet basic minimum thresholds.

To satisfy these domestic and international laws and policies, companies will have to maintain robust records of when, where, and how hydrogen is produced, transported, and in some cases, used. Keeping robust records is particularly critical for companies seeking to transfer their tax credits, as purchasers will not want to take the risk that they are purchasing unsubstantiated tax credits; for companies looking to export hydrogen to markets in Europe and Asia that impose their own greenhouse gas emissions standards; and for companies needing to provide records to the IRS or any foreign tax regulatory agencies in the course of an audit.

Moreover, adopting a robust traceability protocol can help the industry avoid allegations of "greenwashing" that have been referenced by some commenters and which would hurt the industry's credibility and undermine public support for hydrogen projects.

Traceability Protocols Can Aid Compliance

Kigen Technology is developing a process for tracking and monitoring the production, transport, and use of hydrogen, which can be used to trace the provenance of each kilogram of hydrogen, including from when and where it was produced, transported, and used. Harnessing the power of Polygon's advanced intelligent smart contract capabilities, the platform is designed to tackle clean hydrogen authentication challenges to ensure producers can substantiate the provenance of their hydrogen and end-users know its origin. Kigen's technology captures intricate product details, origins, and relevant metadata to ensure traceability at every milestone—product creation, shipping, or quality inspections, so that hydrogen producers have records demonstrating their compliance with Section 45V's requirements and any international requirements.

There are several advantages of using Kigen's blockchain technology to track and monitor hydrogen production, transport and use. Specifically, Kigen's blockchain traceability protocol is:



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Accurate - Data Structure Creation & Integration with External Data Sources: Kigen Technology's design of structured data formats ensures that every detail, from product specifications to origins and timestamps, is captured systematically. Such meticulous recording reduces the chance of errors or omissions. By connecting with other databases and Internet of Things (IoT) devices, Kigen's platform can capture real-time data, ensuring the most up-to-date and accurate information is used.

Efficient - Smart Contract Development & User Interface Development: The Polygon software's advanced smart contracts ensure consistent rules for recording and updating traceability data and also automate processes, and reduce manual intervention and associated delays. A user-friendly interface provides quick data input and retrieval, expediting data management.

Transparent - Traceability Event Milestones & Blockchain's Immutable Nature: By identifying and recording critical milestones in the supply chain, such as product creation, shipping, receiving, and quality inspections, stakeholders get a clear view of the product's journey, ensuring complete transparency. Once data is stored on the blockchain, it cannot be altered without a trace. This provides an unambiguous audit trail for all stakeholders.

Secure - Blockchain Platform Selection & Testing and Security Protocols: Polygon is renowned for its security features. Kigen Technology's protocol undergoes security vulnerability assessments, penetration tests, and smart contract security. This multi-layered security approach guarantees that data remains untampered and safe from malicious threats.

Cost-effective - Automation via Smart Contracts & Monitoring and Maintenance: Automated processes reduce manual overhead and operational costs. Kigen Technology ensures stakeholders can seamlessly adopt the new system, reducing transition costs by providing training sessions and support materials. Continuous monitoring and regular system updates mean potential issues are identified and rectified early, avoiding costly rectifications later.

Thank you for your time and consideration of Kigen Technology's comments. We would be happy to provide any further information you may require.

Best regards,

Abdoul Diallo
Chief Executive Officer