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INSIGHT

Recent Executive Action on Spending: Potential Impact on Regional Clean Hydrogen Hubs

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The Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) authorized and funded an $8 billion program on Regional Clean Hydrogen Hubs (Section 40314 and Division J, Title III, of IIJA)—networks of hydrogen producers, consumers, and infrastructure in close proximity. The U.S. Department of Energy (DOE) has committed up to $7 billion to seven consortiums ("selectees") and obligated a small portion of that amount. DOE selected a consortium for a Demand-Side Support Initiative valued at up to $1 billion.

Several factors—including the January 20, 2025, Executive Order (E.O.) 14154, "Unleashing American Energy"; DOE's reported plans to review all post-presidential election awards; and a January 27, 2025, Office of Management and Budget (OMB) memorandum pausing obligation and disbursement of federal financial assistance (later rescinded)—may impact spending on the hubs. Congress may be interested in monitoring or modifying spending for this program.

Executive Branch Activities

Office of Clean Energy Demonstrations

DOE's Office of Clean Energy Demonstrations (OCED) manages the funds. The uncertainty regarding future staffing levels in the executive branch—in response to E.O. 14210, "Implementing the President's 'Department of Government Efficiency' Workforce Optimization Initiative," and various policy directions—may impact OCED's management of the funds.

Awards

DOE has concluded award negotiations for Phase 1, for planning, analysis, and design activities. The Government Accountability Office (GAO) notes that each hub is "subject to future award negotiations at the end of each phase." See **Table 1**.

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Table 1. Hydrogen Hub Selectees and Phase I Obligations and Outlays

Selectee	Start of Period of Performance	Phase I Obligation	Outlays
ARCHES H2 LLC	7/17/2024	$30.0 million	$1,521,000
Pacific Northwest Hydrogen Association	7/19/2024	$27.5 million	$710,000
Battelle Memorial Institute	7/24/2024	$29.7 million	—
Midwest Alliance For Clean Hydrogen, LLC	9/1/2024	$22.2 million	$4,820,000
HyVelocity, LLC	11/18/2024	$22.0 million	—
Heartland Hydrogen Hub, LLC	1/17/2025	$20.0 million	—
Mid-Atlantic Clean Hydrogen Hub, Inc.	1/17/2025	$18.8 million	—
Total		**$170.2 million**	**$7,051,000**

Source: CRS analysis of data from USAspending.gov; outlays are as reported as of March 13, 2025.

Notes: Name of selectee is as given in USAspending.gov. ARCHES H2 LLC is more commonly known as the California Hydrogen Hub. Battelle Memorial Institute is more commonly known as the Appalachian Regional Clean Hydrogen Hub. HyVelocity, LLC, is more commonly known as the Gulf Coast Hydrogen Hub. Amounts have been rounded. A dash (—) indicates no outlay.

Combined, the consortia, when selected in October 2023, anticipated having operations in 16 states. The announced, eventual value of each agreement ranges from $750 million to $1.2 billion.

Obligations and Disbursements

Grants and Cooperative Agreements in OCED

According to GAO, a federal agency enters into an obligation when it makes a "definite commitment that creates a legal liability on the part of the federal government for payment of goods and services ordered or received." For competitive grant programs, this definite commitment generally occurs when a grant agreement or a cooperative agreement is executed. Funds can only be disbursed after they are obligated. In describing the OCED award cycle, a November 2024 study by GAO noted that once an award is made to a selectee, "funding is obligated, and payments to reimburse authorized expenses may begin." **Table 1** shows total obligations of $170.2 million, roughly 3% of the appropriated funds (budget authority [BA]) of the $6.4 billion appropriated through FY2025. It is possible that additional obligations for the seven selectees are proceeding through the pre-award process and have not yet been recorded. Only awards that have been deemed obligated by the federal agency are recorded against appropriations and reported to USAspending.gov.

Timing of Obligations

Several factors can affect the timing of obligations. For programmatic reasons, varying amounts of delay may occur between the date when an agency receives BA and when it obligates that BA. For the hubs, OCED issued a request for information notice in February 2022, a notice of intent in June 2022, and a funding opportunity announcement in September 2022, soliciting letters of intent followed by full applications. President Biden announced seven selectees in October 2023, with the start of the obligated period of performance shown in **Table 1**. For the first hubs, 2.5 years separated enactment of BA in IIJA and the start of the hubs' period of performance. A further possibility that could implicate outlays would be rescissions. A rescission may be initiated and enacted by Congress, such as in an annual appropriations bill. In FY2020, for example, P.L. 116-94 rescinded $58 million of unobligated funds from DOE's Energy Efficiency and Renewable Energy appropriation. In specific circumstances, the President can send a special message to Congress proposing a rescission under the Impoundment Control Act of 1974 (Title X of P.L. 93-344).

Potential Impact of E.O. 14154 and OMB Memorandums

Section 7 of E.O. 14154 directs agencies to pause disbursement of funds appropriated in the IIJA, which includes funds for the hubs. The executive order directs agencies to submit findings to OMB within 90 days of the date of the order. The executive order further directs agencies not to disburse identified funds until the OMB director and assistant to the President for economic policy have replied.

OMB memorandum M-25-11, "Guidance Regarding Section 7 of the Executive Order *Unleashing American Energy*," discusses the scope of the executive order's pause on IIJA funds. The OMB memorandum explains that the pause in disbursements applies only to any IIJA funding supporting policies at odds with the Trump Administration policies described in Section 2 of E.O. 14154; Section 2 does not explicitly mention hydrogen or the Regional Clean Hydrogen Hubs. Whether or not disbursements under the Phase I awards are covered by the executive order pause, a federal district court has since preliminarily enjoined the Trump Administration from enforcing certain "unilateral, non-individualized directives" to pause federal funds under existing awards.

Members of Congress may choose to debate the relative merits of investing in new technologies, such as hydrogen, compared to reducing federal spending. Congress may also be interested in how any changes in spending on the hubs might affect future use of hydrogen fuel and technologies generally or economic development in regions hosting a hub.

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