



Case Study

Client

Japanese Trade
Conglomerate

Project Number

21112

Team Members

Tad Dritz, Terry Mazanec

Due Diligence of Carbon-Free Hydrogen Project

Summary of Client and Challenge They Faced

A Japanese trade conglomerate was invited by a public works company to participate in a green (carbon free) hydrogen project in the US Southwest. The project, to be located at a nuclear power plant, would utilize curtailed nuclear and renewable power to generate low carbon hydrogen to be used in a natural gas turbine co-firing demonstration and later for export sales. The trading company engaged LEC Partners (LEC) to evaluate the technical and economic aspects of the project and make a recommendation regarding investment.

Our Approach to the Solution

LEC experts reviewed documents that included an investment memorandum, financial model, and DOE grant application. We evaluated the project against other recent green hydrogen projects and provided an opinion on the attractiveness of investment.



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Client Results and Benefits

Initially, we recommended against investment but felt it was wise to stay engaged with the public works company to learn about promised project updates. When the updated information was provided, the company addressed a number of the deficiencies identified in the first review and we changed our recommendation to 'proceed with caution.' Key changes included reduction of CAPEX from securing a DOE grant, lowering major equipment estimates, and potentially higher projected product price due to a proposed green hydrogen production tax credit.

The LEC review resulted in a more transparent and improved forecast about the feasibility of the investment, allowing the trading company to make a more informed decision. After receiving the updated information, they promptly signed an LOI to begin their participation in the project.