

EXHIBIT N



Alliance for Renewable Clean
Hydrogen Energy Systems

ARCHES
1111 Franklin Street, 8th Floor

Oakland, California 94607
October 11, 2025

Virginia Crawford
Head of Contracting Activity

Re: Appeal to Termination of Grant No. DE-CD0000041

Dear Virginia Crawford:

On behalf of ARCHES H2 LLC the purpose of this letter is to appeal the Department of Energy's decision to terminate Grant No. DE-CD0000041, as communicated in your notice dated October 1, 2025. Pursuant to that notice, and 2 C.F.R. sections 200.342 and 910.128, we respectfully submit this appeal and request for reconsideration on the basis that, among other reasons:

1. The termination inaccurately implies that the ARCHES cooperative agreement is inconsistent with federal law.
2. The termination inaccurately implies that reasons of economic or national security favor termination of the cooperative agreement.
3. The termination is inconsistent with federal law, federal grant regulations, and the ARCHES award terms.
4. The termination will have a negative impact on ARCHES; its member entities; California's economy; the companies, local governments, and public utilities that are undertaking the work funded by the Regional Hydrogen Hubs program; countless participants in the energy economy, including consumers and workers across the State and beyond, and overall US competitiveness and dominance in the global hydrogen space.

The termination letter is too vague to allow ARCHES to make a more comprehensive response than what is set forth here. As relevant information becomes available, we can and will provide further documentation as necessary to appeal the decision given adequate time to respond as required by law. Moreover, the termination letter's requirement that any "information and documentation" in support of an objection to the termination be submitted "within 10 calendar days" is inconsistent with 2 C.F.R. section 910.128(d), which states that "[t]he appeal must be received by DOE within 90 days of the receipt of the final determination." ARCHES nevertheless submits this initial information to comply with the Department's request.

I. THE ARCHES COOPERATIVE AGREEMENT IS CONSISTENT WITH FEDERAL LAW

The characterization of this program as inconsistent with federal law—and, by extension, the Department’s policy objectives, as directed by federal law—is incorrect as a matter of fact and law.

In 2021, Congress required the Secretary of Energy to establish a program to support the development of “regional clean hydrogen hubs”: “a network of clean hydrogen producers, potential clean hydrogen consumers, and connective infrastructure located in close proximity.” 42 U.S.C. § 16161a(a), (b).

In July 2024, in reliance on the Department of Energy’s statements and representations about the Regional Clean Hydrogen Hubs program, ARCHES executed a cooperative agreement for \$1.2 billion with the Department of Energy. As set forth in the cooperative agreement’s attachment #2, the ARCHES project was designed to advance the federal objectives set forth in section 16161a and elsewhere by catalyzing the clean hydrogen energy industry in California.

II. ARCHES IS FINANCIALLY SOUND, ECONOMICALLY VIABLE, AND ALIGNED WITH NATIONAL AND ECONOMIC SECURITY INTERESTS

The termination letter contains no information to substantiate its conclusion that ARCHES does not “pass Standards of the [Portfolio Review Process Committee],” which include, according to the letter, whether projects are “financially sound and economically viable [and] aligned with national and economic security interests.”

We submit that ARCHES has already demonstrated it is indeed financially sound, economically viable, and aligned with national and economic security interests. ARCHES demonstrated these points - along with many other merits - through the review process by which it was selected, through the negotiation process during which the program was comprehensively evaluated and developed, and over the course of the last year during Phase 1 of the award.

Financially Sound:

The award requires each H2Hub to demonstrate a plan to be financially viable after the DOE funding has ended, which the agreement determined to be 2032. ARCHES has demonstrated exceptional financial leverage and fiscal responsibility. The \$1.2 billion federal award catalyzes over \$10 billion in committed private industry matching funds—a 10:1 multiplier that maximizes taxpayer value and delivers significant return on investment for the American people. This robust financial structure is built on 33 signed subrecipients partnering with hundreds of companies across power generation, ports, transportation, manufacturing, maritime, and agriculture who have committed substantial private capital. This is what the market wants to do—the private sector is ready to invest and build. Each private sector subrecipient signed onto this agreement and committed private capital based on their own assessment of their hub sub-project’s financial viability. The ecosystem that ARCHES has structured over the past two years, connecting producers, distributors, and end-users through commercially viable relationships, demonstrates that the hydrogen economy is financially sound and market-driven. These companies are

prepared to deploy capital and resources because the market signals and economics are compelling and the business case is clear.

Economically Viable:

Building critical energy infrastructure requires upfront investment, this does not diminish its economic viability, it simply reflects the fundamental reality that infrastructure must be developed and built before Americans can benefit from it. ARCHES has already demonstrated its project's economic viability in its winning competitive application. The project benefits clearly outweigh the costs. ARCHES will create over 220,000 skilled, high-value American jobs including electricians, welders, pipefitters, carpenters, equipment operators, technicians, mechanics, plant operators, and truck drivers. These primarily blue-collar positions support families statewide, particularly in California's Central Valley and rural districts.

Beyond direct job creation, ARCHES drives demand for domestic manufacturing, with projects already placing purchase orders that incentivize new factory construction across Alabama, Arizona, California, Georgia, Kentucky, Tennessee, and Texas. The hydrogen produced will reduce energy costs for American families and businesses over time while enabling export opportunities in hydrogen and high-value derivatives such as ammonia, methanol, and fertilizer. This comprehensive platform for energy and chemical export enhances American energy, agricultural, and industrial leadership globally, generating substantial economic returns across multiple sectors.

ARCHES has established comprehensive market network across California's hydrogen ecosystem, with 33 partners advancing 150 distinct projects representing over \$12 billion in total infrastructure investment. The organization has built a quality-controlled database tracking subrecipient hydrogen projects statewide, capturing critical metrics including temporal, geographic, and sectoral. Production partners have advanced multiple facilities through engineering and permitting phases, including an electrolysis facility completing environmental documentation and achieving full site control, and a biomass gasification project issuing key deliverables. ARCHES' demand-side projects have been progressing along with the supply-side projects. Major California ports have released Calls for Projects targeting zero-emission hydrogen fuel cell cargo handling equipment, with plans to deploy a combined 190 cargo-handling equipment units, 10 mobile refuelers, and 800 fuel cell electric trucks. The power sector has progressed critical infrastructure with a major utility advancing a modernization project utilizing 22-185 MTPD of hydrogen for a 346-MW dispatch power turbine, completing its Draft Environmental Impact Report and submitting air permit applications.

Transportation infrastructure has seen significant development, with a major travel center operator prioritizing locations for early hydrogen refueling station deployment and conducting RFPs for engineering contractors. The transit sector represents one of the strongest implementation areas, with 13 transit agencies collectively planning to deploy over 1,000 fuel cell electric buses supported by comprehensive hydrogen fueling infrastructure, with twelve agencies successfully executing agreements and multiple facilities reaching 30% design milestones. Maritime applications have advanced through detailed engineering development,

completing basis of design work and 3D modeling for hydrogen fuel systems, while systems analysis capabilities provide market intelligence through over 25 structured stakeholder interviews and comprehensive policy briefs on state and federal hydrogen developments.

Finally, ARCHES has continued to engage in technoeconomic analysis by the National Laboratory using agreed upon methodologies (e.g., GREET, H2FAST, etc.) and made updates to reflect the above portfolio and activities. That analysis clearly demonstrates a hub-wide breakeven price of \$7.28/kg with a 4-year payback period. This analysis assures end-use prices ranging from \$4-12 \$/kg depending on end use and market analysis of what each sector is willing to afford. Beyond the technoeconomic analysis, a concomitant life cycle assessment shows the ARCHES hub will deliver additional benefits in the form of over \$3B in annual health cost savings.

Aligned with National and Economic Security Interests:

ARCHES directly advances American energy dominance and independence by utilizing home-grown resources—woody biomass, municipal waste, renewables, and natural gas with carbon capture or offsets—to produce domestically-controlled, secure fuel. This reduces reliance on foreign energy sources, imported fertilizers, and complex global supply chains while enhancing the opportunity of LNG and ammonia exports. The hydrogen infrastructure ARCHES is building will connect to other regional hubs and existing infrastructure including Texas's HyVelocity Hub and the Pacific Northwest Hydrogen Hub, forming an integrated national network of energy distribution and fueling infrastructure that strengthens energy resiliency and reliability across broad regions. ARCHES enhances grid security through distributed generation and backup power capabilities that prevent blackouts and reduce vulnerabilities to supply disruptions, while also ensuring power to data centers and enabling faster load growth, thus enhancing energy abundance and affordability.

ARCHES' projects are ready to move forward at an expedited pace, having worked with DOE and regulators over the past two years to identify efficient permitting pathways and remove bureaucratic barriers. ARCHES includes dozens of projects prepared for rapid deployment, enabling America to maintain technological leadership and dominance in energy innovation, while securing critical infrastructure that supports national security objectives.

The federal investment in ARCHES is a strategic imperative that protects American energy security, creates substantial economic prosperity.

III. THE TERMINATION VIOLATES FEDERAL LAW, FEDERAL GRANT REGULATIONS, AND THE ARCHES AWARD TERMS

The absence of any one clear substantive legal or regulatory basis for termination in the letter, the Department's apparent lack of consideration for ARCHES's serious reliance interests, and

the Department's reliance on pretext to justify its decision¹, among other things, violate the Administrative Procedure Act (5 U.S.C. § 706).

The termination letter relies on a federal regulation that allows federal agencies to terminate grants "pursuant to the terms and conditions of the Federal award, including, to the extent authorized by law, if an award no longer effectuates the program goals or agency priorities," 2 C.F.R. § 200.340(a)(4). But the provision cannot be used to terminate awards based on new agency priorities identified *after* the time of the federal award. Conditions imposed upon the acceptance of federal funding must be "unambiguous[]" and cannot "surprise[]" participating States with post acceptance or 'retroactive' conditions." *Pennhurst State Sch. & Hosp. v. Halderman*, 451 U.S. 1, 17, 25 (1981).

Nor can it be used to withhold duly appropriated funds by identifying "agency priorities" that disregard or are otherwise incompatible with congressional directives (such as those contained in 42 U.S.C. § 16161a). "The United States Constitution exclusively grants the power of the purse to Congress, not the President." *City & Cnty. of San Francisco v. Trump*, 897 F.3d 1225, 1231 (9th Cir. 2018). The Executive Branch "does not have unilateral authority to refuse to spend . . . funds" already appropriated by Congress "for a particular project or program." *In re Aiken Cty.*, 725 F.3d 255, 261 n.1 (D.C. Cir. 2013).

ARCHES has maintained full compliance with all terms and conditions of the DOE Cooperative Agreement throughout Phase 1. The Department has received timely invoices, complete reporting, and comprehensive responses to all inquiries as specified in the agreement. To date, invoices have not been rejected, all outstanding questions have been answered satisfactorily, and ARCHES has met every contractual obligation required under the Cooperative Agreement. There exists no legal justification or contractual basis for termination of the award and revoking of the remaining balance on the obligated \$30M Phase 1 funding prior to the completion of Phase 1 and continuation application review.

Throughout this past year of exceptional development, ARCHES has maintained exemplary collaboration and responsiveness with DOE, demonstrating the organization's commitment to rigorous program management, compliance, and fiscal responsibility. The ARCHES team expedited responses to all DOE inquiries, including rapid turnaround on invoicing questions, comprehensive quarterly review submissions, and multiple unexpected data requests that arose throughout the year. This collaboration extended through nine months of intensive award negotiation prior to the cooperative agreement execution, during which ARCHES worked closely with OCED staff to address technical, financial, and administrative requirements. Even as DOE faced unprecedented staffing and organizational challenges, ARCHES maintained full compliance with all reporting requirements, continued submitting invoices according to contract terms, and provided complete responses to all program manager requests, establishing ARCHES as a responsive and professional federal partner committed to transparency and accountability.

¹ The very same day that ARCHES received the termination letter, Office of Management and Budget Director Russell Vought posted the following on X: "Nearly \$8 billion in Green New Scam funding to fuel the Left's climate agenda is being cancelled."

The DOE's own contract terms establish specific grounds for termination, none of which apply to ARCHES. The program has demonstrated consistent performance, maintained regulatory compliance, and achieved all negotiated milestones. The unprecedented cessation of reimbursement payments since June 2025, despite continued contract compliance and submitted invoices for work performed in accordance with the agreement, constitutes a breach of the federal government's contractual obligations rather than any deficiency on ARCHES' part. ARCHES has continued to operate in good faith, maintaining compliance and submitting required documentation while the Department has failed to honor its payment obligations without explanation or legal basis. Termination under these circumstances would represent an arbitrary action unsupported by the contract terms, program performance, or applicable federal procurement regulations.

IV. THE TERMINATION WILL HAVE A SIGNIFICANT NEGATIVE IMPACT IN CALIFORNIA AND BEYOND

Abrupt cancellation of federal funding would inflict severe environmental and economic harm across California and the nation. The immediate economic damage would include forfeiture of over \$10 billion in committed private sector investment—capital that 33 signed subrecipients and hundreds of partner companies are prepared to deploy contingent on federal support. These companies, spanning power generation, ports, transportation, manufacturing, maritime, and agriculture, have invested substantial resources in planning and development based on the federal commitment. Sudden termination has a profound chilling effect on the hydrogen market, would strand these investments, discourage future private participation in energy infrastructure, and signal unreliability in federal partnerships that will reverberate across multiple industries and future projects.

The environmental and public health consequences would be equally devastating. ARCHES projects are projected to deliver approximately \$3 billion in annual health cost savings by reducing premature deaths, asthma, cancer, hospitalizations for respiratory and cardiac illness, and missed work days—benefits that would be lost without project completion. Communities suffering from some of the worst air quality in the nation, particularly disadvantaged communities in California's Central Valley and port-adjacent neighborhoods, would continue enduring harmful emissions from heavy-duty trucks and industrial facilities that ARCHES is positioned to eliminate. The program would prevent 6,900 metric tons per year of nitrogen oxide emissions, 239 metric tons per year of sulfur dioxide emissions, 326 metric tons per year of particulate matter emissions, and avoid 48 premature deaths annually. Cancellation would abandon these communities to continued exposure to pollutants that cause serious health problems, particularly for children and vulnerable populations. Furthermore, the loss of 220,000 skilled American jobs—electricians, welders, pipefitters, carpenters, equipment operators, technicians, mechanics, plant operators, and truck drivers—would devastate families across California and undermine workforce development efforts that have already begun preparing workers for careers in the hydrogen economy.

V. REQUEST FOR IMMEDIATE RESCISSION OF TERMINATION AND/OR ABEYANCE PENDING OBJECTION

In light of the foregoing, we respectfully request that the Department:

1. Immediately rescind the termination of Grant No. DE-CD0000041, as the program remains fully compliant with federal laws and objectives; and/or
2. Hold in abeyance any action, including withholding of funds, pending consideration of this objection to the termination. *See* 2 C.F.R. § 910.128(e).

Because this abrupt termination will result in irreparable harm, we request a response by **Tuesday, October 21, 2025, at 5PM Pacific Time**, as to whether the termination will be held in abeyance, including withholding of funds, pending objection of the termination, and as to whether the termination will be rescinded.

If the termination is not immediately rescinded, we reserve all rights to pursue any and all available relief and to receive any and all process due.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Weber', is shown within a rectangular box.

Adam Weber

ARCHES CTO

CC:

Lalida Crawford, Acting Director, Contracts and Awards, OCED, U.S. DOE

Kenneth Kort, Program Manager, OCED, U.S. DOE

Karen Harting, Grants and Agreements Officer, OCED, U.S. DOE

ATTACHED:

PRP Results – CD0000041 (10/01/2025 termination notice)

CDC0000041 – Phase 1 Award (Phase 1 Award Documentation)