**Item:**

The 2005 cost status for hydrogen produced from distributed water electrolysis is $5.90 / gge.

**Assumptions and References:**

The H2A analysis used to determine the projected cost of $5.88/gge (rounded up to $5.90/gge) was performed by Directed Technologies, Inc. and can be found in Record 5040a.

The increase in cost compared to the 2004 analysis ($5.45/gge) is due to two assumptions changed in the model: (a) an increase in the industrial electricity price from 5¢/kWh to 5.5¢/kWh from the EIA Annual Energy Outlook, and (b) an increase in the capital cost estimate of the electrolyzer. The other assumptions in the analysis used standard values as detailed in the H2A model and the H2A analysis website: http://www.hydrogen.energy.gov/h2a_analysis.html.