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The Honorable Das Williams
Chair, Assembly Committee on Natural Resources
State Capitol, Rm 4005
Sacramento, CA 95814

August 29, 2016

RE: SB 1383 (Lara) SUPPORT

Dear Chairman Williams:

The California Hydrogen Business Council (CHBC) writes to reiterate our support of Senate Bill 1383. This bill will enable the state to take urgently needed action to control short-lived climate pollutants, which will not only help mitigate climate change, but also reduce air pollution and improve public health.

We also understand that the Assembly Committee on Natural Resources is considering the attached amendments (see Attachment A), which we additionally support. We thank the Members for taking this broader approach to the provision. If possible to make further changes, we recommend that the words "renewable gas" replace the word "biogas" at the end of paragraph 1) a). This will enable a more holistic approach to developing a renewable gas market that can fulfill the bill's aim of reducing short term climate pollutants.

SB 1383 is in line with the priorities of CHBC, an industry association with a mission to advance the commercialization of hydrogen in transportation and stationary sources to reduce greenhouse gas, criteria pollutant emissions and dependence on oil. For the past several years, the CHBC and its members have been working with various government agencies and other renewable gas market participants to expand market opportunities for existing and developing technologies for renewable gas, including renewable hydrogen. Much of our work is aligned with existing California greenhouse gas emission reduction and short-lived climate pollutant statutes and regulations.

CHBC views SB 1383 as an important addition to California's global leadership on protecting our environment, and we appreciate and support your effort.

Regards,

Emanuel Wagner

Cc: The Honorable Jerry Brown
The Honorable Anthony Rendon
The Honorable Kevin de León
Chair, Members, Chief Consultant Assembly Natural Resources Committee

ⁱ The views expressed in these comments are those of the CHBC, and do not necessarily reflect the views of all of the individual CHBC member companies. Organizational members of the CHBC include AC Transit, ACE Cogeneration Company, Air Liquide Advanced Technologies U.S. LLC., American Honda Motor Co., Inc., Ballard Power Systems, Bay Area Air Quality Management District, Bethlehem Hydrogen, BMW North America, California Air Resources Board, California Fuel Cell Partnership, CALSTART, Cambridge LCF Group, Center for Transportation and the Environment (CTE), Clean Energy Fuels, Coalition for Clean Air, Community Environmental Services, E4 Strategic Solutions, El Dorado National – California, Electro Power Systems, Energy Independence Now, FuelCell Energy, General Motors, Giner, Gladstein, Neandross & Associates (GNA), Golden State EPC, GTA, GTM Technologies Inc., H2 Logic, H2Safe, LLC, Hydrogen in Motion, Hydrogenics Corporation, Hydrogenious Technologies, HySa Systems, Hyundai America Technical Center, Idaho National Laboratory, Intelligent Energy, IRD Fuel Cells LLC, ITM Power, Ivys Inc., Johnson Matthey Fuel Cells, Keyes, Fox & Wiedman LLP, Linde Group, Longitude 122 West, Inc., Loop Energy, McPhy North America, National Renewable Energy Laboratory (NREL), New Flyer of America, Inc., Next Hydrogen Corporation, Nuvera Fuel Cells, Pacific Gas & Electric, Paramount Energy West LLC, PDC Machines, Pacific Gas & Electric, Plug Power, Inc., Port of Long Beach, PowerHouse Energy Americas, Powertech Labs, Inc., Proton Onsite, Rio Hondo College, Rose Communications, Sacramento Municipal Utility District, SAFCell Inc, Schatz Energy Research Center - Humboldt State, Solar Hydrogen, South Coast Air Quality Management District, Southern California Gas Company, SunLine Transit, Swagelok Los Angeles, Terrella Energy Systems, Total Transportation Services, Inc. (TTSI), Toyota Motor Sales, USA, Inc., UC Irvine – Advanced Power and Energy Program, United Hydrogen Group LLC, US Hybrid, Zero Carbon Energy Solutions, Ztek Corporation.

ATTACHMENT A – AMENDMENTS PROPOSED TO SB1383 AS OF 8/29/16

SEC XXX. In order to meet the state's climate change, renewable energy, low-carbon fuel, and short-lived climate pollutant goals, including black carbon, landfill diversion and dairy methane targets identified in the Short-Lived Climate Pollutant Reduction Strategy, state agencies shall consider and, as appropriate, adopt policies to significantly increase the sustainable production and use of renewable gas, including biogas.

(a) By January 1, 2018, the state board, in consultation with the Department of Food and Agriculture, CalRecycle, Public Utilities Commission, and Energy Commission, shall identify and begin implementing a set of pilot projects to facilitate the production and use of renewable gas, including biogas, to reduce short-lived climate pollutants in the state.

(1) No fewer than five of these projects shall be located in centralized locations to serve clusters of dairies or co-digestion projects using dairy manure and other organic waste streams.

(2) For the purposes of these pilot projects, a utility may recover in rates the reasonable cost of pipeline infrastructure needed to interconnect a project.

(3) The state board shall develop a pilot financial mechanism to reduce the economic uncertainty associated with the value of environmental credits, including low carbon fuel standard credits, from dairy-related projects producing low carbon transportation fuels. The state board shall make recommendations for expanding this mechanism to other sources of biogas. **CHBC RECOMMENDS THAT THE COMMITTEE REPLACE THE WORD "BIOGAS" AT THE END OF THIS PARAGRAPH WITH "RENEWABLE GAS."**

(b) The State Energy Resources Conservation and Development Commission, in consultation with the state board and the Public Utilities Commission, shall develop recommendation for renewable gas infrastructure development and procurement policies as a part of its 2017 Integrated Energy Policy Report prepared pursuant to Section 25302 of the Public Resources Code. In developing the recommendations, the State Energy Resources Conservation and Development Commission shall identify cost-effective strategies that are consistent with existing state policies and climate change goals by considering priority end uses of renewable gas and their interactions with state policies, including the Renewables Portfolio Standard program, the low carbon fuels standard program, waste diversion goals, the market-based compliance mechanism developed pursuant to Part 5 (commencing with Section 38570) of Division 25.5, and the strategy to reduce short-lived climate pollutants developed pursuant to Section 39730.

(c) Based on the findings in (b), the Public Utilities Commission, in consultation with the Energy Commission and the state board, shall consider additional energy infrastructure development and procurement policies to support the development and use in the state of renewable gas, including biogas, that reduce short-lived climate pollutants in the state to help meet the state's climate change goals.

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