

Hydrogen Means Business in California!

May 29, 2020

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Assemblymember Richard Bloom
 Chair, Budget Subcommittee 3
 State Capitol, Room 2003
 Sacramento, CA 95814

URGENT: Budget Sub 3 Actions on Climate Resilience and Cap and Trade Expenditures

Dear Chair Bloom:

The California Hydrogen Business Council (CHBC)¹ writes in response to the Governor’s Proposed Budget and the Revisions proposed by the Administration on May 14, 2020. Because of the enormity of potential negative impacts, especially on communities most vulnerable to impacts of COVID-10, we first of all ask that that you consider postponing any decision on 2020-2021 Greenhouse Gas Reduction Funds (GGRF) until after the next auction results are known in August, in order to have more information on which to base such a consequential action. We also ask that in any case, you take immediate action to modify the proposals in the Governor’s letter, as specified below, to ensure public health is maximized in the current compounded crisis of COVID-19 and increased catastrophic wildfire threat.

We deeply sympathize with the extreme budgetary constraints and uncertainties caused by the global COVID-19 pandemic and applaud the Governor and the Legislature for their ongoing efforts to respond to this unprecedented public health and economic crisis, air quality will nonetheless continue to affect vulnerable Californians despite budget shortfalls.

¹ The CHBC is comprised of over 100 companies and agencies involved in the business of hydrogen. Our mission is to advance the commercialization of hydrogen in the energy sector, including transportation, goods movement, and stationary power systems to reduce emissions and dependence on oil. 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. Members are listed here: www.californiahydrogen.org/aboutus/chbc-members/

A Harvard University study concluded that even a small increase in long-term exposure to PM2.5 leads to a large increase in the COVID-19 death rate.² The California Air Resources Board states that most PM2.5 derives from combustion, such as from use of gasoline and diesel fuels by motor vehicles and off-road equipment, among other sources.³ The impacts of such emissions tend to be greatest in disadvantaged communities that live closest to major traffic corridors and industry, and these are also the same communities most threatened by the economic fallout from COVID-19. Neglecting the electrification of diesel trucks and buses with battery and hydrogen fuel cell electric technologies would only exacerbate the environmental inequities that diseases like COVID-19 expose and make it harder to implement the provisions in AB 617 that the Governor’s proposed budget aims to support.

Also counterproductive would be failing to support accelerated adoption of non-polluting backup generators to provide essential electricity during the state’s increased planned and unplanned wildfire-related power shutoffs. Currently, most backup power is supplied by polluting diesel fuel, which is substantially on the rise in the wake of greater wildfire mitigation efforts and catastrophes. Batteries can supply short duration zero criteria emissions back generation, but California residents and businesses often require solutions to carry them through multi-day outages, for which the most viable zero criteria (SMOG) emissions option is fuel cells. When fueled with renewable hydrogen, fuel cells are also greenhouse gas free over their lifecycle. The state and its citizens will benefit greatly by your support of fuel cells for emergency backup power, including hydrogen fuel cells, to ensure that keeping the lights on in wildfire threats doesn’t make people more vulnerable to additional respiratory illness threats including COVID-19.

While it would be unreasonable and imprudent to expect to maintain previously anticipated levels of budgetary support for climate resilience and environmental protection while the state battles the current pandemic crisis, complete loss of incentive programs for zero emission vehicles and clean sources of fuel production will result in further threats to public health, a backslide in progress realized from previous investments in the market, and a waste of much of those previously allocated moneys. The impacts of such an action adds significant respiratory risk for many in California’s most vulnerable communities, and the progress lost will take many years to regain.

For these reasons we respectfully request that Assembly Budget Subcommittee 3 on Resources and Transportation take swift and decisive action in the following areas to prevent this.

- 1. Modify the Governor’s proposed amendments to Control Section 14.15 to include schedule items beyond those outlined in the Governor’s proposed schedules A-E.** The included funding priorities should be funded to include the following (proposed schedules F-H):

(F) For purposes of funding clean trucks, buses, and off-road freight equipment including the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project and advanced technology

² Wu, X., Nethery, R. C., Sabath, B. M., Braun, D., & Dominici, F. (2020, January 1). Exposure to air pollution and COVID-19 mortality in the United States: A nationwide cross-sectional study. Retrieved from <https://www.hsph.harvard.edu/news/hsph-in-the-news/air-pollution-linked-with-higher-covid-19-death-rates/>

³ California Air Resources Board. (n.d.). Retrieved from <https://ww2.arb.ca.gov/resources/overview-diesel-exhaust-and-health>

freight demonstration and pilot commercial deployment projects. The amount appropriated by this act shall not exceed \$150,000,000.

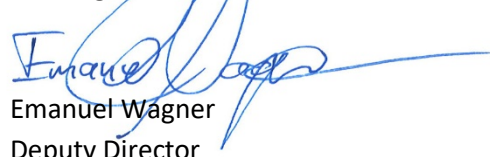
(G) For purposes of funding the Enhanced Fleet Modernization Program and Clean Cars 4 All, replacement of school buses, and light-duty equity pilot projects authorized pursuant to Chapter 530 of the Statutes of 2014. The amount appropriated by this act shall not exceed \$75,000,000.

(H) For purposes of funding the Clean Vehicle Rebate Project including \$25,000,000 to be used to fund increased rebates for low-income recipients. The amount appropriated by this act shall not exceed \$125,000,000.

2. Ensure that all cap and trade auction revenues realized at each quarterly auction are allocated without priority or preference, in proportion to the total percentage each schedule item in Control Section 15.14 represents of the total allocated amount for the fiscal year.
3. Because the changes requested in item '1.' above will still likely result in hugely detrimental cuts to the state's essential zero emission vehicle programs; ensure that all "special fund loans and reappropriations" proposed in the May Revision are made only from special funds that are not designed to support emission reductions programs.
4. Ensure that if funds are allocated toward programs for microgrids or backup power, to assist with emergency preparedness or other resilience goals, fuel cells and hydrogen as a fuel option for fuel cells are included.

We thank you sincerely for your consideration and are available to answer any questions you may have.

Best regards,



Emanuel Wagner
Deputy Director

California Hydrogen Business Council