

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Establish  
Policies, Processes, and Rules to Ensure  
Safe and Reliable Gas Systems in  
California and Perform Long-Term Gas  
System Planning

Rulemaking 20-01-007  
(Filed January 27, 2020)

**REPLY COMMENTS OF THE CALIFORNIA HYROGEN BUSINESS  
COUNCIL ON ASSIGNED ADMINISTRATIVE LAW JUDGE’S RULING  
ISSUING WORKSHOP REPORT AND STAFF RECOMMENDATIONS,  
SEEKING COMMENTS, AND MODIFYING PROCEEDING SCHEDULE**

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November 17, 2020

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**I. Introduction**

The California Hydrogen Business Council (CHBC)<sup>1</sup> appreciates the opportunity to provide the following reply comments to the *Assigned Administrative Law Judge’s Ruling Issuing Workshop Report and Staff Recommendations, Seeking Comments, and Modifying Proceeding Schedule* in the above captioned proceeding. Below is a summary, with a more detailed explanation in the Reply Comments section that follows.

- A. We strongly agree with several parties to this proceeding who called for greater inclusion of green hydrogen and methanated green hydrogen in gas system planning, in order to ensure adequate energy storage, and decarbonize firm power generation that is critical for renewable electricity integration and seasonal demand, among other important gas end uses.**

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<sup>1</sup> 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 of the CHBC can be found here: <https://www.californiahydrogen.org/aboutus/chbc-members/>.

**B. We agree with parties who urge the Commission to act now to support green hydrogen development in long term gas system planning, in order to send market signals that ensure solutions are ready and available, as required in the energy system.**

## **II. Reply Comments**

**A. We strongly agree with several parties to this proceeding who called for greater inclusion of green hydrogen and methanated green hydrogen in gas system planning, in order to ensure adequate energy storage, and decarbonize firm power generation that is critical for renewable electricity integration and seasonal demand, among other important gas end uses.**

We support a number of comments that call for greater attention by the Commission to advance hydrogen-based fuels as part of long-term gas system planning. Electrochea rightly points out that “the Workshop Report and the Track 1A and Track 1B presentations do not directly address the alternative sources of natural gas in California over the next 25 years,” adding that gaseous fuels derived from electrolysis “can play an important role in the energy transition by replacing fossil gas, utilizing excess renewable resources.”<sup>2</sup> The Green Hydrogen Coalition (GHC), in support of the CHBC’s Opening Comments on this Ruling, urges the Commission to consider green hydrogen in its adoption of new market structure and regulations under Track 1A and 1B, in addition to Track 2.<sup>3</sup> CEERT also requests that the Commission accelerate renewable hydrogen production.<sup>4</sup>

We also agree with commenters who shared that hydrogen-based gas is needed to fulfill critical functions in California’s energy system and help improve the economics of renewable power. GHC succinctly summed up the role of hydrogen in a reliable system when stating that “the ability to decarbonize California’s natural gas pipeline system and maintain system reliability is inextricably tied to green hydrogen.”<sup>5</sup> Central Valley Gas Storage further explains: “The Track

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<sup>2</sup> Electrochea Opening Comments, p. 2

<sup>3</sup> GHC Opening Comments, p. 2

<sup>4</sup> CEERT Opening Comments, p. 5

<sup>5</sup> GHC Opening Comments, p. 2

1B Workshop made clear that, as California continues to achieve progress in its efforts to decarbonize the electricity grid and reduce overall carbon emissions, the need for natural gas storage resources to meet peak demand and ensure reliability is likely to continue.” They go on to say that “as CCST noted at the Track 1B workshop, in 2030 and beyond California will need some type of low greenhouse gas fuel such as biomethane, synthetic natural gas, or hydrogen to address multiday or seasonal supply-demand imbalances.”<sup>6</sup>

Electrochea correctly commented that renewable gas, including electrolytic gas produced renewably, can help improve the economics of renewable power. They shared that increasing amounts of renewable electrolytic gas can help California successfully address “the inherent intermittency of renewable resources, as well as scheduled retirement of obsolete and high-emissions power plants.”<sup>7</sup> The CHBC agrees with them that California should seize the opportunity to “increase synergy in coupling the renewable power sector with renewable gas, and that by “utilizing and re-deploying low cost and economically curtailed power, this development could simultaneously enable production of renewable gas and recover lost revenues for the power sector from otherwise undervalued or wasted renewable power.”<sup>8</sup>

**B. We agree with parties who urge the Commission to act now to support green hydrogen development in long term gas system planning, in order to send market signals that ensure solutions are ready and available, as required in the energy system.**

The CHBC agrees with the GHC’s assertion that by “planning and investing in green hydrogen today, California can ensure technical barriers, anticipated cost reduction, and market mechanisms are developed and continually improved upon to address increasingly common and critical multi-day and seasonal supply-demand imbalances.”<sup>9</sup> Electrochea shared how the Low Carbon Fuel Standard program might be leveraged to enable clean hydrogen development outside the transportation sector and several international examples of market-based incentives and policy frameworks that have successfully stimulated investment in renewable electrolytic

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<sup>6</sup> Central Valley Gas Storage Opening Comments, p.6

<sup>7</sup> Electrochea Opening Comments, p. 6

<sup>8</sup> Ibid, p. 7

<sup>9</sup> GHC Opening Comments, pp. 2-3

gas to help fuel switch from fossil natural gas, fossil fuels, and provide the desired renewable resources to the customer.<sup>10</sup> They added that such “mechanisms can provide low impact options for the State to meet our aggressive climate mandates.” We urge the Commission to look to existing and new models as part of an effort to establish regulatory frameworks and market incentives that support development of hydrogen made from renewable and zero carbon feedstocks.

### **III. Conclusion**

The CHBC thanks the Commission for their consideration of these reply comments and looks forward to working with you to advance regulatory actions that set the gas system on a pathway to greater reliability and decarbonization in order to simultaneously enable state resiliency and climate goals.

Dated: November 17, 2020

Respectfully submitted,



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<sup>10</sup> Electrochea Opening Comments, pp. 5-6