

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

Order Instituting Rulemaking Regarding
Policies, Procedures and Rules for the Self-
Generation Incentive Program and Other
Related Issues.

Rulemaking 20-05-012
(Filed May 28, 2020)

**REPLY COMMENTS OF CALIFORNIA HYDROGEN BUSINESS COUNCIL ON
ASSIGNED COMMISSIONER'S RULING SEEKING COMMENT ON RENEWABLE
GENERATION FUELS AND TECHNOLOGIES**

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I. Introduction

The California Hydrogen Business Council (CHBC)¹ appreciates the opportunity to provide reply comments on the *ASSIGNED COMMISSIONER’S RULING REQUESTING COMMENT*, filed on March 2, 2021, according to Rule 6.2 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure.

II. Comments

CHBC agrees with the overwhelming number of parties providing support for a broad definition of green hydrogen and inclusion of biogenic sources in the opening comments, including BAC²,

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. CHBC Members are listed here: <https://www.californiahydrogen.org/aboutus/chbc-members/>

² Bioenergy Association Of California Comments On The Assigned Commissioner’s Ruling Requesting Comment

SCE³, NFCRC⁴, FSSD⁵, FuelCell Energy⁶, CCDG Coalition⁷, CASA⁸, and SoCalGas⁹. We, therefore, ask the Commission to keep the eligibility for all types of green hydrogen open in the Self-Generation Incentive Program (SGIP). The CHBC is concerned about creating a precedent by defining green hydrogen so narrowly that it would limit the market for hydrogen and the services hydrogen can provide to the grid and the state's efforts to shore up resiliency.

CHBC also provides specific responses to the comments made by TURN¹⁰, Sierra Club¹¹, and CEERT¹² below. In summary, the CHBC is strongly opposed to expanding the double standard already permeating California regulation, in which a higher standard is applied to hydrogen and fuel cells than is applied to electricity and batteries, related to green and renewable fuel sourcing.

A. CHBC Urges to Avoid Precedent-Setting Decision Making on Definitions

The CHBC is concerned about the Commission's desire to define green or renewable hydrogen, something that the CPUC has not done for electricity, nor has the mandate to do so. While CHBC supports the CPUC's desire to make sure that the SGIP does not result in a net increase of GHG emissions, the CPUC should not endeavor to limit the eligibility of green hydrogen produced from biomass sources. The CPUC should also not create a new definition of green hydrogen (that differs from the definition in statute per SB 1369, now PUC Section 400.2) specifically for this program, thus setting a precedent limiting the eligibility of hydrogen to participate in other state programs, for which it lacks authority and mandate.

If the CPUC is keen to determine the various shades of green for hydrogen, the CHBC

³ Opening Comments Of Southern California Edison Company (U 338-E) On Assigned Commissioner's Ruling Requesting Comment

⁴ Opening Comments Of The National Fuel Cell Research Center On Assigned Commissioner's Ruling Seeking Comment On Renewable Generation Fuels And Technologies

⁵ Comments Of Fairfield-Suisun Sewer District To Assigned Commissioner's Ruling Requesting Comment

⁶ Fuelcell Energy, Inc. Opening Comments On Assigned Commissioner's Ruling Seeking Party Comment On Renewable Generation Fuels And Technologies

⁷ Comments Of The California Clean Dg Coalition In Response To Questions For Additional Comment On Renewable Generation Fuels And Technologies

⁸ Comments Of The California Association Of Sanitation Agencies To Assigned Commissioner's Ruling Requesting Comment

⁹ Opening Comments Of Southern California Gas Company (U904g) To Assigned Commissioner's Ruling Requesting Comment

¹⁰ Comments Of The Utility Reform Network In Response To The March 2, 2021 Assigned Commissioner's Ruling

¹¹ Sierra Club Opening Comments On Assigned Commissioner's Ruling Requesting Comment

¹² Opening Comments Of Center For Energy Efficiency And Renewable Technologies On Assigned Commissioner's Ruling Requesting Comment

proposes a Carbon Intensity metric modeled on ARB's transportation Low Carbon Fuel Standard to determine the effective GHG emission profile of various technologies and uses rather than arbitrarily creating fuel and technology eligibility criteria that disincentivize some technologies over other technologies based on their perceived merit rather than their actual GHG profile.

Due to the limited funding available, CHBC recognizes that CPUC may limit funding opportunities in several categories, including green electrolytic hydrogen. If so, CHBC strongly urges that the CPUC clearly acknowledge in its order that green electrolytic hydrogen includes a broader definition than will be eligible under this specific SGIP allocation. This is particularly important given that this will be the first application of SB 1369 since its adoption. This will help mitigate any future attempts that the SGIP decision be seen as precedent-setting. The CPUC should acknowledge the broader nature of electrolytic hydrogen and clearly articulate that the narrower decision should not be used as a precedent. Of course, the above limitations should only occur after the playing field has been leveled with other technologies to assure equity and parity between competing, compatible and cooperative technologies.

B. CHBC Response to Comments by Sierra Club/Earthjustice

CHBC opposes Sierra Club's request to "limit the definition of green hydrogen to include only electrolytic hydrogen produced with 100 percent renewable electricity, and should not consider hydrogen manufactured by any other method." This unfounded suggestion would constitute an unprecedented limitation of green hydrogen to one singular feedstock, a limitation not applied to any other green technology, and far outside the purview of SGIP. Moreover, ARB's LCFS program shows biogenic-derived fuels to provide some of the highest GHG reduction potentials, clearly countering Sierra Club's position.¹³

C. CHBC Response to Comments by The Utility Reform Network (TURN)

TURN states that: "TURN recommends that SGIP limit any biogas projects to those that use green electrolytic hydrogen as defined in SB 1369, but also further limited based on

¹³ LCFS Pathway Certified Carbon Intensities: <https://ww2.arb.ca.gov/resources/documents/lcfs-pathway-certified-carbon-intensities>

the statutory goals of SB 1369.” Furthermore, “SB 1369 does not mandate making any green hydrogen eligible for SGIP incentives, but rather instructs the Commission to take a number of actions to further “the state’s clean energy and pollution reduction objectives,” including, where consistent with other state policy objectives. Electrolysis using renewable on-site generation would meet the required criteria.¹⁴

As CHBC sponsored SB 1369, we can share that the bill intended was to address the continued exclusion of hydrogen from rulemaking at the CPUC and add green electrolytic hydrogen to considerations and proceedings of California agencies, not to limit any hydrogen considerations by the agencies to green electrolytic hydrogen. We appreciate the consideration of green electrolytic hydrogen as one of the green hydrogen pathways but oppose limitation to just that one technology. Again, CHBC urges the commission to consider a variety of eligible renewable generation resources for the program’s purposes and avoid creating new definitions of green hydrogen and unintended precedents. Furthermore, green electrolytic hydrogen was defined in SB 1369, and thus we oppose CPUC changing that definition in statute.

While the Commission may argue that defining green electrolytic hydrogen would only apply to this proceeding, the Commission and other parties have set precedents of referring to previous decisions in other proceedings to be applied in future proceedings. Examples of such include the definition of critical facilities, established in R. 18-12-005. This definition is cross-referenced as a definition in R. 18-03-11 and D. 21-02-029. In the same D. 21-02-029, the definition of resiliency is cross-referenced to D. 20-07-011 (De-energization proceeding R. 18-12-005). Similarly, eligibility requirements for the microgrid tariff in D. 21-01-018 currently cross-reference net energy metering (NEM) tariff eligibility in D. 16-01-044.

CHBC, therefore, asks the Commission to take into account the danger of setting a precedent for a very narrow definition and its application in PUC programs, even if this is not the intent, and the program under discussion is limited in its funding and number of projects that it can support.

¹⁴ Comments Of The Utility Reform Network In Response To The March 2, 2021 Assigned Commissioner’s Ruling, page 2.

D. CHBC Response to Comments by Center for Energy Efficiency and Renewable Technologies (CEERT)

CHBC agrees with CEERT “that fuel cell technologies with zero criteria pollutant emissions should be high priority for funding under SGIP.”¹⁵ We, however, disagree with removing ICE altogether, for the reasons stated in CHBC’s opening comments.

CEERT also advocated that “the definition of ‘green electrolytic hydrogen’, for the purposes of SGIP funding, must require that the hydrogen be produced at the project site. This will ensure that the entire lifecycle of the hydrogen is easily accounted for and additional emissions are not produced from transporting the hydrogen from the production site to the project site or the complications of storage at both ends of the fuel supply chain.”¹⁶

This is an entirely new approach for SGIP and would only be applied to hydrogen. CHBC is opposed to creating higher hurdles for hydrogen compared to other renewable SGIP technologies and asks the Commission to reject this approach or apply it to every other technology and fuel currently supported and considered under the SGIP program.

CEERT also asserts that “the definition of green hydrogen should be limited exclusively to that made directly from 100 percent renewable energy, *or* during times of excess renewable generation.”¹⁷ As stated before, current definitions of renewable energy in California include biomass, and therefore should include biogenic sources of hydrogen. CHBC, however, does support a concept that incorporates the sentiment of what CEERT is alluding to when discussing “excess renewable generation”. However, instead of using that term, CHBC would support a more practical formulation of hydrogen produced from operating generation that improves the integration of renewables when dispatched or signaled by the ISO.

¹⁵ Opening Comments Of Center For Energy Efficiency And Renewable Technologies On Assigned Commissioner’s Ruling Requesting Comment, page 3.

¹⁶ Id. page 4

¹⁷ Id.

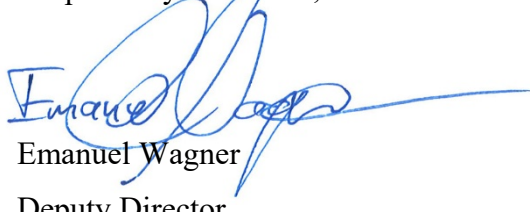
III. CONCLUSION

The CHBC appreciates the Commission taking the time to discuss these matters but urges to consider the implications of defining green hydrogen narrowly in SGIP and other decarbonization programs. We hope the Commission will consider using a carbon intensity metric to determine GHG and criteria air pollutants emissions rather than creating definitions.

Thank you for the opportunity to submit these reply comments.

Respectfully submitted,

Dated: March 29, 2021



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