

April 15, 2021

Board of Directors
South Coast AQMD
21865 Copley Dr.
Diamond Bar, CA 91765

RE: CHBC Comments on Proposed Rule 2305 - Warehouse Indirect Source Rule

Dear Mr. Chairman and Members of the Board:

The California Hydrogen Business Council (CHBC)¹ appreciates the opportunity to comment on the SCAQMD's proposed Rule 2305 - Warehouse Indirect Source Rule (ISR).

The CHBC **supports** the proposed warehouse ISR rule and urges the Board to adopt the **most stringent alternative**. CHBC suggests a few changes to improve the effectiveness of the rule, discussed below.

The CHBC agrees with those in the environmental and EJ communities who have commented extensively about the health imperatives of a strong ISR rule. Indeed, the modern fuel cell industry was born out of the need to reduce air pollution in transportation and electricity production.

From a business standpoint, we believe that the proposed ISR sends a strong message to businesses around the world to invest in California, invest in reducing emissions in South Coast, and invest in improving zero-emission technology. And with that investment, to create jobs.

Towards those ends, the CHBC asks that the WAIRE menu be slightly modified to **remove** the one item that provides no emission reductions, nor provides infrastructure or support in any way for emission reductions - that item is indoor **air filtration**.

The CHBC believes that a SIP measure, like the ISR rule, must ensure that every element to meet emission reduction requirements do just that - reduce emissions. This is both a policy imperative and a federal requirement.

Only actual emission reductions or infrastructure that enables emissions reductions should generate credit toward compliance. SIP measures cannot provide emission reduction credit for masks or filtration. That is why the CHBC believes that allowing compliance credit in the WAIRE menu for installing air filtration is inappropriate. Every menu selection **MUST** reduce emissions or provide infrastructure support for emission reductions.

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/>

The CHBC suggests other funding sources, like penalty dollars, are more appropriate for mitigation measures like air filtration at schools.

Secondly, CHBC recommends that the District provide **WAIRE points** for **onsite hydrogen generation**. For hydrogen use, part of the infrastructure piece is hydrogen supply. Indeed, in the last several years, drivers of hydrogen cell vehicles have seen what happens as production facilities go down for several reasons. The Governor's Office of Business and Economic Development (GO-Biz), for example, sees the resiliency and reliability of hydrogen supply to be of critical importance in addressing hydrogen infrastructure needs. Therefore, CHBC believes that providing WAIRE points for onsite hydrogen production is just as important as any of the other WAIRE menu infrastructure items.

Lastly, the CHBC wants to acknowledge the impressive work that went into developing this rule, and in particular, the creativity, and even brilliance by Ian MacMillan and the team that worked on proposed Rule 2305.

This rule may be the most important adopted by the District since the basin power plants were required to burn natural gas instead of fuel oil.

Implementation of the rule will certainly provide some challenges, and our industry can and will meet that challenge.

Sincerely,

A handwritten signature in black ink, appearing to read 'WAZobel', written over a faint horizontal line.

William "Bill" Zobel

Executive Director

California Hydrogen Business Council