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June 11, 2021

The Honorable Nancy Skinner
 Chair, Senate Budget Committee
 State Capitol, Room 5019
 Sacramento, CA 95814

The Honorable Phil Ting
 Chair, Assembly Budget Committee
 State Capitol, Room 6026
 Sacramento, CA 95814

Dear Chair Skinner and Chair Ting,

The California Hydrogen Business Council (CHBC)¹ writes in support of changes to the Governor’s proposed budget as identified in the May Revise. Specifically, the CHBC is in strong support of funding proposals for zero emission vehicles (ZEV), including renewable hydrogen refueling infrastructure, renewable energy production, and long-term clean energy storage.

In the race against climate change, California has no time to waste as the state is threatened by natural disasters exasperated by human-made greenhouse gas emissions, criteria pollutants, and air toxics. Fortunately, California has the resources to protect its citizens and the natural beauty that connects all of us to this incredible state. Now is the time to tap into these resources and create a sustainable future where biodiversity and California’s diverse communities will thrive.

¹ The CHBC is comprised of over 120 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 help the state meet its decarbonization goals. **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 May Revise budget proposals map out the first step California must take to reach our stated climate goals--the transition to clean fuels. A key component to transitioning California to clean fuels is investing in the commercialization of renewable hydrogen. An investment in renewable hydrogen production, refueling infrastructure, power generation, energy storage and use by heavy industry will help provide scale and bring down the cost of hydrogen across the transportation and energy sectors so all Californians can have access to clean low carbon fuels, and, as an immediate result, cleaner air.

The CHBC is thrilled to witness the commitment this Administration has demonstrated through the May Revise to reducing California's greenhouse gases and leading the nation in transitioning our communities to clean low carbon fuels like renewable hydrogen.

The CHBC respectfully requests your support in the following May Revise budget proposals outlined below:

- 1. ZEV acceleration funding allocation of \$1.8 billion in 2021-2022 and \$3.2 billion over three years, specifically funding for the Clean Vehicle Rebate Program (CVRP), Heavy-Duty Vehicle Incentive Program (HVIP), Clean Cars 4 All Program (CC4A), and increased funding for the Clean Transportation Program (CTP).**

According to a Legislative Analyst Office Report from 2018², transportation makes up 40% of California's greenhouse gas emissions—a staggering number of harmful emissions can be significantly reduced if all available technologies, including renewable hydrogen and fuel cell electric vehicles (FCEV), are made accessible to all Californians. Because the CVRP, HVIP, and CC4A programs provide increased access to ZEVs, including FCEVs, increased funding for these programs is essential to meeting the ZEV goals stated in the Governor's Executive Order, N-79-20.

Having access to FCEVs is one of two necessary steps California must take to meet the state's ZEV goals; the second step is to create expansive refueling infrastructure so all Californians can seamlessly transition to zero emission vehicles. From the \$500 million allocated to the Clean Transportation Program in the May Revise, the CHBC respectfully requests \$300 million be directed towards renewable hydrogen refueling infrastructure for FCEVs. Currently, there are only 46 renewable hydrogen fueling stations in California for light duty vehicles³, and a statewide goal of only 200 hydrogen refueling stations. This is not nearly enough to service the estimated 6 million plus FCEVs needed to reach the E.O. N-79-20 goal by 2035.⁴ As noted by the California Air Resources Board (CARB) in their September 2020 AB 8 Report publication, \$300 million is required to bring the light-duty FCEV market to a point of self-sufficiency.⁵ The report goes on to demonstrate FCEV market penetration is on the same adoption curve as EVs were seven years ago. This suggests that a similar commitment towards market sustainability, \$300 million as noted in the report, will continue FCEVs market penetration along a similar and highly successful trajectory. This one-time General Fund allocation will send the right market signals to private investors that California is committed to decarbonizing the transportation sector and open for business in

² <https://ww2.arb.ca.gov/news/latest-ghg-inventory-shows-california-remains-below-2020-emissions-target>. Accessed June 7, 2021.

³ https://cafcp.org/sites/default/files/h2_station_list.pdf. Accessed June 7, 2021.

⁴ [2020 Annual Evaluation of Fuel Cell Electric Vehicle Deployment & Hydrogen Fuel Station Network Development \(ca.gov\)](https://www.arb.ca.gov/2020-annual-evaluation-of-fuel-cell-electric-vehicle-deployment-hydrogen-fuel-station-network-development). Accessed June 7, 2021.

⁵ *Id.*, accessed June 6, 2021.

renewable fuels. California should act to improve the resiliency of the state's zero emission transportation system by increasing its investment in hydrogen refueling infrastructure well beyond the current goal of 200 stations. A one-time infusion of \$300 million in hydrogen refueling infrastructure puts the state on a path of improved resiliency, added customer choice and market confidence that will spur investment and create new jobs for Californian's.

For these reasons, the CHBC respectfully requests your support in approving the \$1.8 billion for 2021-2022 and \$3.2 billion over three years for the ZEV Acceleration funding outlined in the May Revise.

2. Investments to accelerate progress on the state's clean energy goals funding allocation of \$912 million in 2021-2022, specifically, funding for pre-commercial long duration storage projects, industrial decarbonization with green and renewable hydrogen, energy efficiency projects within the industrial sector, development of offshore wind energy, and green hydrogen production within power plants.

California is home to abundant renewable resources and existing infrastructure that will make for a quick transition to clean energy, so long as the state acts now to fund projects that are ready to be deployed. The CHBC is in strong support of the May Revise funding allocated for pre-commercial long duration storage projects (a crucial investment as California faces excruciatingly longer fire seasons and blackouts), industrial decarbonization, energy efficiency projects within the industrial sector, development of offshore wind energy, and use of renewable hydrogen as a fuel for firm renewable generation. Industrial facilities currently employing fossil fuels in manufacturing, production, and processing, such as chemicals, metals, cement, and glass can all be decarbonized with green and renewable hydrogen. California's landscape provides all regions the opportunity to utilize various renewable resources, replacing carbon-heavy, air-polluting energy systems with clean, sustainable, dispatchable green and renewable hydrogen technology to strengthen the grid's reliability and resiliency and support the State's industrial sector. It is essential California move towards clean energy sources like green and renewable hydrogen so we can power the California economy in the face of natural disasters, reduce air pollutants, and decarbonize the energy sector.

For these reasons, the CHBC respectfully requests your support in approving the \$912 million outlined in the May Revise for accelerating the state's clean energy goals.

3. Clean Trucks, Buses, and Off-Road Equipment funding from excess General Fund.

The CHBC is in support of directed funding for CARB's medium, heavy-duty and off-road vehicle programs that have been without funding since 2019 and are essential to meeting California's stated air quality goals. California's most vulnerable, those in low-income communities, live near highways and ports that are filled with diesel emitting vehicles and equipment. As the impact of COVID-19 has highlighted, California's vulnerable communities suffer from air pollution related diseases like asthma, chronic obstructive pulmonary disease, lung cancer, and other respiratory infections.⁶ Committing to transitioning the medium, heavy-duty, and off-road sectors to clean renewable fuels is necessary for California's public health now and into the future.

⁶ <https://ww2.arb.ca.gov/research/research-health-effects-air-pollution>. Accessed June 6, 2021.

The CHBC respectfully requests your support in funding CARB'S medium, heavy-duty, and off-road vehicle programs with excess General Fund monies.

The CHBC is appreciative of your hard work in passing a balanced budget that reflects our state's values and respectfully requests your support in the previously discussed budget priorities. Thank you for your consideration; we look forward to helping California's leadership make the transition to renewable fuels within the transportation and energy sectors.

Sincerely,

/s/Sara Fitzsimon Nelson

Sara Fitzsimon Nelson, J.D.
Policy Director
California Hydrogen Business Council

cc:
The Honorable Toni Atkins, President Pro Tempore
The Honorable Anthony Rendon, Speaker