

November 13, 2023

RE: Draft Resolution G-3601

Dear CPUC staff members,

Thank you for the opportunity to submit comments on the Draft Resolution G-3601 (the Draft Resolution). The [California Hydrogen Business Council \(CHBC\)](#) is comprised of over 130 companies, agencies, and individuals involved in the business of hydrogen. Our mission is to educate the public on the substantial benefits of hydrogen and to develop and advance policy positions that support the commercialization of hydrogen in the energy and transportation sectors to achieve California's climate, air quality, and decarbonization goals.

The CHBC address the California Public Utilities Commission (CPUC) draft resolution denying the allocation of SoCalGas RD&D funds to certain categories of research based on the assertion that the showing on ratepayer benefits of these funding categories was insufficient. Several of these categories include joint research and research of joint interest of CHBC members and the CHBC strongly opposes adoption of the Draft Resolution. CHBC's member interests overlap most strongly with SoCalGas' Low-carbon Resources, Clean Transportation, and Clean Generation, and operational research on hydrogen pipeline transport and bulk storage. All of these program areas support projects that are targeted to produce significant environmental benefits in the form of greenhouse gas reduction and reduction in air pollution. Environmental benefits are specifically enshrined in the public utilities code as ratepayer benefits that can form the basis for utility RD&D expenditures through California Public Utilities Code (PU Code) §451.¹ This is the foundation of many program areas and projects funded by the Electric Program Investment Charge program and, although not jurisdictional to the CPUC, the California Energy Commission natural gas and hydrogen research programs. The categorical benefits to ratepayers of Clean Transportation, Low-carbon Resources, and clean hydrogen as a natural gas substitute were already adjudicated and approved in the SoCalGas general rate case, and blanket denial funding of these research categories is damaging to ratepayers, SoCalGas research collaborators, and co-funders, and contradicts the authorization of these program areas in the general rate case decision of the CPUC.

While all of the RD&D categories noted above are important and provide benefits to ratepayers, we note that the Clean Transportation Program (CTP) is of particular importance in its benefits to ratepayers in disadvantaged communities. While it is clear that On-Road, Onboard Storage, Off-Road, and Refueling Station subprograms align with the State's decarbonization goals,² the CPUC must also take into account the **direct criteria air pollutant emission-reduction benefits and positive health impacts** to ratepayers living in communities and neighborhoods adjacent to ports and urban and rural areas who are often inflicted with poor air quality from

¹ https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=451.&lawCode=PUC

² <https://www.gov.ca.gov/wp-content/uploads/2022/09/Fact-Sheet-California-Climate-Commitment.pdf?emrc=1ff9ee>

particulates and NOx emitted by diesel engines used in trucking and cargo handling equipment. The projects proposed in the RD&D plan are exactly the type of investments of significant and near-term benefit to their ratepayers as they provide opportunities to reduce both greenhouse gas (GHG) and criteria air pollutant emissions associated with the services the ratepayers are receiving. Additionally, we submit that these projects are in line with the just and reasonable standard set forth in PU Code §451.³

We ask that the CPUC also consider the following benefits that the utility is providing via their RD&D funding:

- The CTP includes projects that contribute to **workforce development** by providing training, creating jobs, and fostering educational opportunities for SoCalGas ratepayers. The partners involved work to engage residents in surrounding communities and educate them on cutting-edge technologies and the workforce opportunities being created by the clean energy transition.
- Commercial markets for zero-emission **off-road vehicles** are primarily ports located in regions where diesel emissions are strictly regulated and where surrounding communities are disproportionately impacted by emissions resulting from operations at the facilities.
- Ratepayers in disadvantaged communities benefit from immediate air quality improvement and GHG emission reductions from **on-road zero-emission vehicle** demonstrations targeting operations in disadvantaged communities.
- The data and findings from Clean Transportation projects help drive **strategies to improve resilience** in the SoCalGas service territories, and across all of California.
- Low- and zero-emissions local generation resources not only **clean the air**, but they reduce the need for costly additions to the electric transmission and distribution system that often disrupt lower-income neighborhoods.
- Displacing natural gas with renewable and zero-carbon hydrogen is necessary to address applications for which direct electrification is infeasible and/or cost prohibitive. **Without RD&D support** for these applications, **ratepayers will be harmed** by shortfall in attaining climate and clean-air goals through and by delaying the transition from fossil gas to clean fuels.

The CHBC strongly encourages the CPUC to revise the Draft Resolution to remove the blanket denial of funding in already-approved categories of research that have been shown through multiple general rate cases and Commission decisions to provide benefits to ratepayers. Where appropriate, the CPUC should instead focus on fine-tuning areas of focus within these approved research topic areas.

Sincerely,

/s/

Jennifer Hamilton
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California Hydrogen Business Council

³ https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=451.&lawCode=PUC
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