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California Energy Commission
Docket Number 24-ALT-01
715 P Steet
Sacramento, CA 95814

RE: 2024-2025 Investment Plan Update for the Clean Transportation Program

As a member of the Advisory Committee, please accept my comments from the California Hydrogen Business Council ("CHBC") to the California Energy Commission ("Commission") on the Revised Draft Staff Report of the 2024-2025 Investment Plan Update ("Revised Report") for the Clean Transportation Program. These comments focus on two primary areas: 1) clarification to appropriately allocate available funding for medium- and heavy-duty hydrogen refueling infrastructure, and 2) reinvestment of previously allocated funds from the canceled Shell agreement into the hydrogen infrastructure funding category.
The Commission continues to cite the amount of $230 million funded to support 95 publicly available light-duty hydrogen refueling stations. We ask for clarification if this includes the Shell funding. We note that close to $3 billion has been awarded to electric vehicle charging over the same period of time. The mandate of AB 126 for the Commission to allocate 15 percent of the Clean Transportation Program annual funds to hydrogen fueling stations should be considered an investment floor, not an investment ceiling, commensurate with market plans and uptake.

Allocation of Hydrogen Infrastructure Funding

There is a series of different information presented in the workshop summary slides and the revised investment plan update for which we request clarification and appropriate allocation.

In the Revised Report, there is now an allocation of $15 million for light-, medium-, and heavy-duty hydrogen infrastructure in 2024-2025. By contrast, $78.2 million appears to be

allocated to charging infrastructure. $15 million, even annually, would be insufficient to keep up with the burgeoning demand for hydrogen fueled trucks and buses that exhibit different performance characteristics. These characteristics that are increasingly required by fleet operators include weight reduction to allow heavier payloads, longer range, faster refueling, faster acceleration, and lower total cost of ownership. This amount will not allow the achievement of the 200-station goal set by the Executive Order B-48-18, nor does it represent the infrastructure necessary to provide cost share and support for the California ARCHES hydrogen hub. The ARCHES hub plans workforce development and deployment of 1,000 hydrogen fueled buses and 5,000 hydrogen fueled trucks, in large part in disadvantaged communities that are also disproportionately impacted by diesel produced air pollution. The ARCHES funding does not include hydrogen refueling infrastructure funding, therefore the Commission should allocate more funding to support these and other committed deployments of hydrogen buses and trucks. While listed as funding broadly for zero-emission infrastructure in the staff presentation, the South Coast Air Quality Management District Climate Pollution Reduction Grants are focused on charging, further illustrating the need for additional funding from the Clean Transportation Program.

The Commission proposes $38.2 million for medium- and heavy-duty sectors, in addition to the $15 million for hydrogen infrastructure. The CHBC requests that the final report clarify that both charging and hydrogen fueling infrastructure are eligible for this funding, per the graphic on Slide 39 of the staff presentation. By ensuring that both charging and hydrogen are eligible in this category, market demand can dictate the awards, rather than the Commission. $38.2 million is the amount to which page 46 refers as being eligible for both charging and hydrogen infrastructure. In Table 5 on page 31, the category of medium- and heavy-duty eligible infrastructure types are listed as “Electric, “ The CHBC requests that the final report include “Electric, Hydrogen” in the Table 5 Medium- and Heavy-Duty Charging Infrastructure category of $38.2 million to clarify the Commission’s intention to have more than $15 million available to the significant hydrogen refueling infrastructure that will be needed to meet (at a minimum) the ARCHES hydrogen hub vehicle deployments. Hydrogen infrastructure should be eligible to compete in this category for funding with medium- and heavy-duty charging infrastructure.

Slide 44 shows that electric and hydrogen will share MD and HD infrastructure funding in years 2025-2028, as well as additional emerging opportunities of $46M in 2025-2026. It thus follows that they should be combined in budget year 2024-2025.

Reallocation of Shell Funding

The unexpired funds from cancelled Shell agreements should be expeditiously reallocated to the hydrogen refueling category. The plan states that Shell announced the permanent closure of seven stations in February 2024. The dedicated hydrogen infrastructure funding category facilitates reallocation of this funding back to hydrogen infrastructure for which it was intended.

The market and fleet operators need certainty that the Clean Transportation Program will continue to support hydrogen commensurate with growing market demand, that statutory requirements will be met, and that the Executive Order will be fulfilled to meet market demand. Reallocation of these funds to the new hydrogen infrastructure category demonstrates California's continued and consistent commitment to hydrogen refueling infrastructure for all classes of vehicles.

Sincerely,

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