

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

In The Matter of the Application of Southern California Gas Company (U 904 G) for Authorization to Implement Revenue Requirement for Costs to Enable Commencement of Phase 2 Activities for Angeles Link.

Application 24-12-011  
(filed December 20, 2024)

**CALIFORNIA HYDROGEN BUSINESS COUNCIL RESPONSE TO THE APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) FOR AUTHORIZATION TO IMPLEMENT REVENUE REQUIREMENT FOR COSTS TO ENABLE COMMENCEMENT OF PHASE 2 ACTIVITIES FOR ANGELES LINK**

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The California Hydrogen Business Council (CHBC) submits these Comments on the Southern California Gas Company (SoCalGas) Application for Authorization to Implement Revenue Requirement for Costs to Enable Commencement of Phase 2 Activities for Angeles Link (Application) in accordance with the Decision D.22-12-055 and wishes to be a party to the proceeding in so doing in accordance with Rule 1.4(a)(2)(ii) of the Commission's Rules of Practice and Procedure. CHBC appreciates the opportunity to comment on this new Application and urges the Commission to proceed to authorize Phase 2 activities by SoCalGas.

CHBC is the longest established and largest hydrogen trade association in the United States, comprised of over 110 companies, agencies, and individuals involved in the business of hydrogen.<sup>1</sup> Our mission is to inform policymakers and stakeholders on the substantial benefits of hydrogen and support the commercialization of hydrogen and fuel cells in the energy and transportation sectors to achieve California’s climate, air quality, and decarbonization goals.

CHBC’s comments on the Application are below.

**I. A CLEAN HYDROGEN ECONOMY IS NECESSARY FOR CALIFORNIA TO MEET ITS CLEAN ENERGY AND CLIMATE GOALS**

The California Air Resources Board (CARB) is tasked with developing the roadmap for the state to achieve its 2045 carbon neutrality goals. In the 2022 Scoping Plan document, CARB states that to meet the goal of 85 percent reduction in anthropogenic emissions below 1990 levels by 2045, California will need to increase the hydrogen market by 1,700 times its current size.<sup>2</sup>

In addition, hydrogen can meet California’s clean energy needs by decarbonizing sectors that are hard to electrify. Cement, concrete, aviation, marine applications, heavy duty and medium duty transportation, and manufacturing all have shown advantages for hydrogen solutions over electrification. The California Energy Commission (CEC) in their 2023 Integrated Energy Policy Report admits “California is electrifying much of the transportation and building sectors while rapidly scaling up deployment of low-carbon, renewable generation like solar and wind that are increasingly paired with lithium-ion battery storage. Yet these resources alone may not be sufficient to reach economy-wide decarbonization.”<sup>3</sup>

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<sup>1</sup> See a complete list of CHBC members at <https://members.californiahydrogen.org/directory>.

<sup>2</sup> California Air Resources Board, 2022 Scoping Plan for Achieving Carbon Neutrality, Executive Summary, page 8.

<sup>3</sup> CEC, 2023 Integrated Energy Policy Report, page 62.

Angeles Link is a visionary effort that will create the pipeline network to bring hydrogen throughout SoCalGas territory to deliver this clean resource to Southern California. Properly scoped, this effort will have enormous environmental and economic benefit for the region.

## **II. THE PHASE I STUDIES SUPPORT ADVANCING TO PHASE 2**

### **a. CHBC PARTICIPATED IN THE STAKEHOLDER ENGAGEMENT LED BY SOCALGAS**

CHBC has attended several of the stakeholder meetings conducted by SoCalGas in Phase 1 of the project and participated in the Project Advisory Group. These meetings were professionally facilitated, informative, and allowed for robust discussion of any concerns with end users and market and technical experts to better understand the necessity for hydrogen energy solutions where electrification alone is not possible and to support the greater energy system with decarbonization of the gas system. Stakeholders were able to discuss potential impacts on air quality improvements through expansion of the end use of hydrogen for power generation and transportation including trucks and buses, expedited decarbonization of the ports and hard-to-electrify sectors, the pros and cons of potential pipeline routes, as well as considerations for cost-effectiveness.

### **b. THE STAKEHOLDER ENGAGEMENT SOCALGAS CONDUCTED WAS ROBUST.**

SoCalGas convened community stakeholders from across the SoCalGas territory and South Coast Air Basin to ensure early engagement and input from diverse community stakeholders in the Angeles Link planning process. All stakeholders in the Community Based Organization Stakeholder Group, as well as the Project Advisory Group, were given time to review all documents and give input at in-person and virtual meetings, as well as written comments. The meetings were professionally facilitated to ensure that all participants had the opportunity to be heard and participate in the discussions. The diversity of expertise and experience represented in stakeholder groups ensured that studies, proposed plans, and documents could be examined and

discussed from multiple perspectives. Representatives of labor and workforce development also give voice to the potential of Angeles Link for job creation and the transition of the energy workforce into a decarbonized economy.

### **III. PROCEEDING TO PHASE 2 WILL HELP HONE THE CLIMATE AND CLEAN AIR BENEFITS OF THE ANGELES LINK PROJECT**

There are still a number of bridging activities that need to happen in Phase 2 to explore the potential benefits of the overall project. These are engineering studies, contracting, requests for information, sourcing and vetting of data and reports, and global hydrogen pipeline studies and plans. These primarily administrative tasks will bring the project to the point where the specific activities can be defined to meet the climate, air quality, and job creation goals of the proposal. SoCalGas asks for \$266 million to inform where the system should be laid and what can be done to maximize the positive environmental and economic benefits of the project.<sup>4</sup> Engineering studies in particular are needed to design the system so it can deliver the appropriate amounts of hydrogen to specific customers.

SoCalGas followed the Commission's direction to conclude their Phase 1 studies. The Phase 2 request is reasonable to determine commercial viability, technical feasibility and ratepayer benefits. CHBC encourages the Commission to accept this application so that SoCalGas can additionally move forward to identify a preferred system route for the project.

### **IV. PROCEEDING TO PHASE 2 NOW HELPS ALIGN THE ANGELES LINK PROJECT WITH THE ARCHES HYDROGEN HUB**

Phase 2 would start with activities that help identify the preferred system route for the overall project. Once the preferred system route is chosen, SoCalGas can conduct a Front End Engineering and Design (FEED) study, which can bring the overall engineering work for the project to approximately 30% of the overall need. At this point, SoCalGas should be able to arrive at a detailed schedule of activities and a Class 3 cost

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<sup>4</sup> See Testimony of Brian Walker at BW-1.

estimate. This level of planning and design is exactly what is needed to align with the Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) and U.S. Department of Energy (DOE)'s expectations for planning and design for the California Hydrogen Hub.<sup>5</sup>

According to DOE's Funding Opportunity Announcement DE-FOA-0002779 (FOA), to solicit applications for regional hydrogen hubs to receive federal funding, DOE funding for the hydrogen hubs is divided into a four-phased structure intended to manage scope, schedule, deliverables, and budget for each hub. DOE Phase 1 deliverables for this first phase include a FEED study (approximately 30% of overall engineering work) and a Class 3 cost estimate.

Angeles Link is an integral part of the California Hydrogen Hub. It is the largest hydrogen pipeline project envisioned for California and could be core to California's energy transition and decarbonization of the southern California gas system. Aligning the timing of Angeles Link with ARCHES' project development schedule and the timing expectations of DOE can best leverage federal funds for the benefit of all Californians, including SoCalGas ratepayers.

#### **V. ALLOCATING COSTS BROADLY IS APPROPRIATE AS THE ANGELES LINK SYSTEM WILL HAVE BROAD BENEFITS**

The Angeles Link project will have broad public benefits, including greenhouse gas emission reduction, air pollution reduction in local communities, and job creation. As these benefits will be distributed broadly, it is appropriate to allocate the costs of the Phase 2 activities across a broad spectrum of customer classes. If it becomes clear that the project only benefits one set of customer classes, the Commission can recharacterize who will bear the cost in a later ruling in the process.

Pipeline transportation of hydrogen remains core to the updated U.S. Department of Energy "Pathways to Commercial Liftoff: Clean Hydrogen" report updated on January

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<sup>5</sup> DOE, Funding Opportunity Announcement DE-FOA-0002779 (September 22, 2022) at 19, available at: <https://oced-exchange.energy.gov/FileContent.aspx?FileID=40a1ff87-622d-4ef5-8d7c89bfe089fd11>.

15, 2025.<sup>6</sup> An open-access, non-discriminatory pipeline dedicated to public use could provide transparent and fair rates to a diversity of end users in the pipeline corridor. Angeles Link has the potential to exponentially grow the local air quality and carbon emission reduction benefits of hydrogen by bringing hydrogen to more end users in Southern California communities already disproportionately burdened by poor air quality. The project will also facilitate the build-out of the required refueling infrastructure for fuel cell and hydrogen vehicles, which will help California meet its ambitious Zero-Emission Vehicle and greenhouse gas goals.

## **VI. CONCLUSION**

The CHBC expresses strong support for the SoCalGas Phase 2 Angeles Link Application and appreciates the opportunity to participate in this proceeding. Thank you for your consideration of these comments.

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Respectfully submitted,

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<sup>6</sup> [Pathways-to-Commercial-Liftoff\\_Clean-Hydrogen\\_December-2024-Update.pdf](#)