BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas System Planning.	Rulemaking 24-09-012 (filed September 26, 2024)

CALIFORNIA HYDROGEN BUSINESS COUNCIL COMMENTS ON THE PHASE ONE INTERIM ACTIONS QUESTIONS IN COMMISSIONER DOUGLAS'S SCOPING MEMO AND RULING

DATED: March 14, 2025

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The California Hydrogen Business Council (CHBC) is the longest established and largest hydrogen trade association in the United States, comprised of over 110 companies, agencies, and organizations involved in the business of hydrogen. 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 submits these Comments pursuant to the November 13, 2024 Administrative Law Judges Ruling Seeking Comments on Interim Actions. ALJ Van Dyken's November 22, 2024 Email Ruling (R.24-09-012) Granting TURN's Motion for Extension of Time for "Interim Actions" Comments, with Modifications, which extended the respective due dates for the opening and reply comments to March 14 and March 31, 2025. CHBC appreciates the opportunity to comment on these Phase 1 Interim Actions in response to the questions posed by Commissioner Douglas. The questions are:

1) What interim actions should the Commission consider to support the gas transition, including actions related to affordability, safety, reliability, worker transition, public health, customer needs, and ratepayer impacts?
2) What best practices, mechanisms, and/or measures should the Commission incorporate into its decision-making to support the gas transition that addresses issues such as affordability, safety, reliability, worker transition, public health, customer system needs, and ratepayer costs?
3) Should the Commission adopt a new process to facilitate non-pipeline alternatives for some or all distribution pipeline or regulator station repair or replacement projects? If so, what should that process entail and what direction should the Commission give to utilities to enact that process, including how should costs be addressed?

I. THE COMMISSION SHOULD NOT ELIMINATE GASEOUS SOLUTIONS AS DECARBONIZATION STRATEGIES

The third question asks if the Commission should adopt a new process to facilitate non-pipeline alternatives for some or all distribution pipeline or regulator station repair or replacement projects. It is CHBC's position that this is not necessary, as decarbonizing the existing gas system is sufficient to meet the goals outlined in the Order Instituting Rulemaking (OIR). The OIR states that "the primary purpose of gas transition planning is to facilitate decarbonization . . ."[1] and that this "rulemaking seeks to advance this much needed long-term planning work in the gas sector while also examining and acting on opportunities for interim actions that can advance decarbonization and mitigate risks in the nearer term, while long-term planning is underway."[2]

[1] Order Instituting Rulemaking in R.24-09-012, at page 2.
[2] OIR at pages 2-3.

CHBC agrees that decarbonization is the primary purpose of long-term gas sector planning and that interim actions can help to decarbonize the gas sector while mitigating near-term risks. As the OIR notes repeatedly, the goal of the gas transition is to transition away from fossil gas. That does not mean moving away from all gas, however, especially when hydrogen molecules can provide excellent climate benefits while increasing reliability and resilience. There will be parties who argue that the goal of the gas transition is electrification, which is one strategy for decarbonization but not the only one. Strategies for decarbonized gas, including use of hydrogen, should be considered as well. The Commission should maintain focus on decarbonization broadly in this Rulemaking and not just electrification, to ensure that this Rulemaking considers all decarbonization options and prioritizes those options that provide the most beneficial and cost-effective decarbonization measures.

Using existing infrastructure will be more cost-effective than building out the electrical grid to extend to areas that only use gas pipelines now. The Investor-Owned Utilities have invested hundreds of millions of dollars in this network, and it makes most sense to further the impact of those investments. In their Angeles Link application, SoCalGas has even found investments in a new hydrogen system to be more cost-effective than electrification as the alternative in several use cases.[3]

Additionally, decarbonized gas will be essential for 1) hard-to-electrify end uses, including industrial and manufacturing processes, heavy-duty and long distance transportation, and ports; and 2) to increase electricity reliability by providing dispatchable power and long-duration storage.[4] Electrification has limits, and advancing solutions like pyrolysis, which removes carbon pre-combustion to create a solid black carbon product that can be used for applications like concrete, can be a win-win solution that is left on the table if the state goes one hundred percent in on electrification to the exclusion of decarbonized gas. Using hydrogen from biogas and biomass would also

[3] See Angeles Link Phase 1 Draft High-Level Economic Analysis and Cost-Effectiveness Report, in SoCalGas Angeles Link Living Library, July 26, 2024, page 23, Figure 3.

[4] CHBC agrees with comments made by the CAISO to this effect - see OPENING COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION ON ORDER INSTITUTING RULEMAKING, R.24-09-012, December 16, 2024, page 5.

have ancillary benefits, including reducing short-lived climate pollutants and having an overall carbon negative emissions impact.

II. TO SUPPORT THE GAS TRANSITION, THE COMMISSION SHOULD ACT ON THE JOINT UTILITIES' APPLICATION FOR HYDROGEN PIPELINE BLENDING PILOT PROJECTS.

In A.22-09-006, the Joint Utilities submitted their joint application for five hydrogen pipeline blending projects at the beginning of March 2024. This is in the context of a proceeding that has been going on at the Commission since 2019.

The Commission has had no action on this application since the utilities submitted their application on March 1, 2024, which is over a year ago now. The most recent documents on the CPUC website for the proceeding detail ex parte meetings in January and a November report of the parties listing the joint proposed list of issues for the Scoping Memo - but the Scoping Memo that would move the proceeding forward has not been issued.[5]

The five demonstration projects will provide real-world data on the safety, cost-effectiveness, and feasibility of integrating hydrogen into the gas system. CARB's 2022 Scoping Plan (its latest) calls for 20% hydrogen blending by volume starting in 2030 to meet our greenhouse gas goals.[6] If we want to maintain that schedule, the pilots need to move ahead as soon as possible. Demonstration projects are needed to gather data and close critical knowledge gaps, and to address the core priorities of safety, system integrity, operability, and reliability under safe and controlled conditions. These projects build off prior research and provide proof of concept. This is in turn will allow safe utilization of existing infrastructure and to build out the necessary modifications to more rapidly decarbonize the California gas system through the use of blended hydrogen, like our contemporaries in Hawaii, the European Union, and Canada. And specific to this

[5] See https://apps.cpuc.ca.gov/apex/f?p=401:57::::::

[6] See *CARB 2022 Final Scoping Plan,* page 78. This document can be found at https://ww2.arb.ca.gov/our-work/programs/ab-32-climate-change-scoping-plan/2022-scoping-plan-documents

proceeding, swift approval of the projects would be an interim action that can help accelerate the gas transition.

III. TO SUPPORT THE GAS TRANSITION, THE COMMISSION SHOULD APPROVE THE SOCALGAS PHASE II ANGELES LINK APPLICATION EXPEDITIOUSLY.

Hydrogen is an essential decarbonization option for a wide range of sectors, including transportation, goods and people movement, power generation, energy storage, natural gas blending, marine propulsion, aviation, heating, steelmaking, concrete, and other industrial applications.

The Angeles Link represents the possibility of an open access common carrier pipeline with potential to expand the air quality and decarbonization benefits of hydrogen to the communities along the ultimate route.

As a dedicated hydrogen-only pipeline, Angeles Link represents the opportunity to test a system-wide use of decarbonized gas. The process for approval of the Angeles Link application (A.24-12-011) will work through key questions of affordability, safety, reliability, worker transition, public health, customer needs, and ratepayer impacts. As such, CHBC urges the Commission to act expeditiously on the Phase II application in that proceeding.

Thank you for your consideration of these comments.

DATED: March 14, 2025

Respectfully submitted,

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