



March 28, 2025

Asm. David Alvarez  
1021 O Street, Suite 5320  
Sacramento, CA 95814

Re: AB 35 – CHBC Support if Amended

The California Hydrogen Business Council (CHBC) is a membership-based trade association comprised of 110 companies, agencies, and organizations involved in the business of hydrogen. The CHBC is the largest and longest-established advocate for the hydrogen and fuel cell industry in Sacramento. We write today in support of Assembly Bill 35 (Alvarez) if a suggested amendment is accepted.

AB 35 streamlines the permitting of “clean hydrogen transportation projects” – meaning projects that aid in transporting hydrogen, i.e. pipelines. To qualify for the exemption, the legislation requires the transported hydrogen does not use fossil fuel as the feedstock or energy source for its production. There are many ways to cleanly produce hydrogen, including from fuels that have a low carbon equivalent byproduct and from fuels that can pair with carbon capture and sequestration to have no carbon emissions impact. CHBC believes the best way to navigate this variety of sources is not to pick a fuel source winner but to follow the example of the federal 45V hydrogen production tax credit. Qualification for the 45V tax credit is based on a carbon intensity standard set by the previous administration, and has a threshold of 4 kg of CO<sub>2</sub> per kg of hydrogen produced to qualify for the credit. This standard would retain the decarbonization benefits of lowcarbon hydrogen for CEQA exemption, while allowing multiple types of hydrogen to qualify, which will support the hydrogen market long term.

CHBC supports the idea of streamlining CEQA permitting for hydrogen pipelines and wants to ensure the definition of “clean hydrogen” in the bill is broad enough to enable the fullest environmental benefits of a hydrogen market. With an amendment to have low carbon intensity hydrogen qualify, we would support the bill.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim McRae' in a cursive style.

Tim McRae

Vice President for Public Affairs