California Hydrogen Business Council

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August 19, 2025

Vice Chair Siva Gunda
California Energy Commission
Docket No. 25-IEPR-04
715 P Street
Sacramento, CA 95814

Re: IEPR Commissioner Workshop on Firm Zero-Carbon Resources and Hydrogen

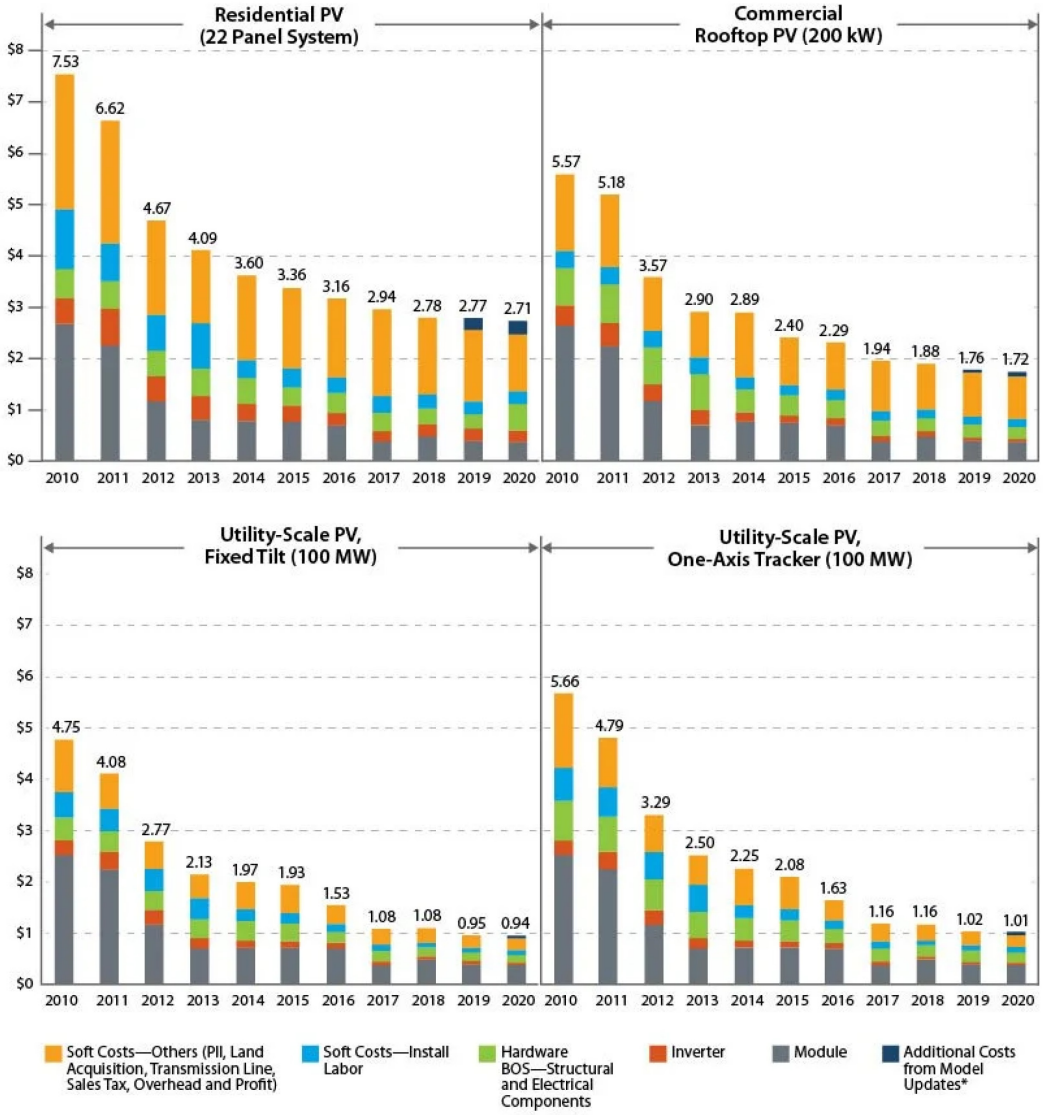
Dear Vice Chair Gunda and members of the Commission:

The California Hydrogen Business Council (CHBC) attended the July 29 full day workshop on Firm Zero-Carbon Resources and Hydrogen. The workshop was thorough, comprehensive, and encouraging from the perspective that it demonstrated the need for further development of the California hydrogen market to meet California's clean energy, reliability, and greenhouse gas goals. CHBC also appreciates Vice Chair Gunda and Commissioner Gallardo's participation for the entirety of the day.

CHBC notes that in the midst of the California Energy Commission (CEC) and California Air Resources Board (CARB) presentations regarding the need for further hydrogen development and incentives, the California Public Utility Commission (CPUC) expressed skepticism for hydrogen with questions regarding hydrogen as an energy resource and a decarbonization solution. The CPUC representative cited significant uncertainties associated with hydrogen and requested that the CEC take these into account in its ultimate report on workshop issues.

CHBC believes that the kind of uncertainties cited (cost, supply, demand) are all uncertainties that were associated with other renewable energy sources such as wind and solar power before California instituted policies to create market pull for them such as the Renewable Portfolio Standard and Net Energy Metering. These resources were expensive and not supported by federal policies before California took significant steps to incentivize and favor them. However, proactive policies designed to eliminate these obstacles have been

successful. In fact, proactive policies designed to encourage market development and reduce obstacles to growth led to a 64% reduction in the cost of residential PV systems, a 69% reduction in the cost of commercial rooftop PV systems, and an 82% reduction in the cost of utility-scale PV systems between 2010 and 2020.[1]



[1] NREL, "Documenting a Decade of Cost Declines for PV Systems," https://www.nrel.gov/news/detail/program/2021/documenting-a-decade-of-cost-declines-for-pv-systems, (Feb. 10, 2021).

California's success in promoting market growth and cost reductions in the solar industry should be viewed as a model for success that should be followed for hydrogen to ensure the state is able to meet its energy and environmental goals.

Hydrogen today is in the same position that solar and wind occupied two decades ago. It creates an opportunity to decarbonize heavy duty transportation and energy intensive manufacturing, and to ensure reliability as the state integrates increasingly high levels of intermittent renewable resources into grid operations and increasingly looks to electricity for building decarbonization. It can be produced with low carbon intensity and has significant decarbonization advantages as a resilient energy source, a storage solution, and a zero-emission transportation fuel. When the state recognized that solar PV faced market obstacles in the form of high prices, limited production capacity, interconnection and integration questions, and limited market acceptance, it faced a similar choice - it could adopt policies designed to promote market growth and cost reductions, or it could succumb to these obstacles and accept a high carbon electricity market. The state decided to be proactive, and over a relatively short period of time its policies reduced and eliminated the vast majority of these issues. It should do the same for hydrogen.

As the state recognized with the solar industry, there are some supply, demand and cost uncertainties that are expected in a burgeoning industry, and history has proven that these uncertainties can be successfully addressed through the adoption of proactive market design and state policy support. Each of the agencies involved in the workshop will have a role to play in designing policy that can help address the uncertainties the CPUC representative cited. GO-Biz should be included in this agency work. CHBC urges each to adopt policies designed to overcome, rather than succumb, to current market barriers facing the hydrogen industry.

CHBC looks forward to working with the CEC, CARB, GO-Biz and the CPUC on design and implementation of policies designed to ensure successful achievement of the state's decarbonization goals. We look to build on the momentum of the workshop, with an eye towards the state's history of success in the solar industry, to adopt proactive state policies designed to overcome, rather than succumb to, potential market barriers for hydrogen.

Thank you for the opportunity to make these comments.

Sincerely,

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