

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Adopt
Biomethane Standards and Requirements,
Pipeline Open Access Rules, and Related
Enforcement Provisions.

Rulemaking 13-02-008

**REPLY COMMENTS BY CALIFORNIA HYDROGEN BUSINESS COUNCIL ON
ALTERNATE DECISION REGARDING BIOMETHANE TASKS
IN SENATE BILL 840**

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I. Introduction

The California Hydrogen Business Council (CHBC) submits the following reply comments to the Alternate Decision Regarding Biomethane Tasks in Senate Bill 840 (“APD”) for R.13-02-008.¹ We observed that all parties who submitted comments to the APD expressed opposition to the APD’s proposal to close the proceeding at this time, and nearly all parties called for addressing hydrogen-related issues before closing the proceeding. The overwhelming support across sectors for examining hydrogen-related matters without delay has been consistent since the reopening of this proceeding last year, and we reiterate our recommendation that the Commission heed this request.

¹ The CHBC is comprised of over 100 companies and agencies involved in the business of hydrogen. Our mission is to advance the commercialization of hydrogen in the energy sector, including transportation, goods movement, and stationary power systems to reduce emissions and dependence on oil. The views expressed in these comments are those of the CHBC, and do not necessarily reflect the views of all of the individual CHBC member companies. Members of the CHBC include Advanced Emission Control Solutions, Air Liquide Advanced Technologies U.S., Airthium, Alameda-Contra Costa Transit District (AC Transit), American Honda Motor Company, Anaerobe Systems, Arriba Energy, Ballard Power Systems, Bay Area Air Quality Management District, Beijing SinoHytec, Black & Veatch, BMW of North America, California Performance Engineering, Cambridge LCF Group, Center for Transportation and the Environment (CTE), CNG Cylinders International, Community Environmental Services, CP Industries, DasH2energy, Eco Energy International, ElDorado National – California, Energy Independence Now (EIN), EPC - Engineering, Procurement & Construction, Ergostech Renewal Energy Solution, EWII Fuel Cells, First Element Fuel, FuelCell Energy, GenCell, General Motors, Geoffrey Budd G&SB Consulting Ltd, Giner ELX, Gladstein, Neandross & Associates, Greenlight Innovation, GTA, H2B2, H2Safe, H2SG Energy Pte, H2Tech Systems, Hitachi Zosen Inova ETOGAS GmbH, HODPros, Hydrogenics, Hydrogenious Technologies, Hydrogen Law, HydrogenXT, HyET - Hydrogen Efficiency Technologies, Hyundai Motor Company, ITM Power, Ivys, Johnson Matthey Fuel Cells, Kontak, KORE Infrastructure, Life Cycle Associates, Linde North America, Longitude 122 West, Loop Energy, Luxfer/GTM Technologies, McPhy Energy, Millennium Reign Energy, Mitsubishi Hitachi Power Systems Americas, Montreux Energy, National Renewable Energy Laboratory (NREL), Natural Gas Fueling Solutions – NGFS, Natural Hydrogen Energy, Nel Hydrogen, New Flyer of America, Next Hydrogen, Noyes Law Corporation, Nuvera Fuel Cells, Pacific Gas and Electric Company - PG&E, PDC Machines, Planet Hydrogen, Plug Power, Port of Long Beach, PowerHouse Energy, Powertech Labs, Primidea Building Solutions, Proton OnSite, RG Associates, Rio Hondo College, Rix Industries, Sacramento Municipal Utility District (SMUD), SAFCell, Schatz Energy Research Center (SERC), Sheldon Research and Consulting, Solar Wind Storage, South Coast Air Quality Management District, Southern California Gas Company, Sumitomo Corporation of Americas, Sunline Transit Agency, T2M Global, Tatsuno North America, The Leighty Foundation, TLM Petro Labor Force, Toyota Motor Sales, True Zero, United Hydrogen Group, US Hybrid, Verde, Vinjamuri Innovations, Volute, WireTough Cylinders, Zero Carbon Energy Solutions.

II. Reply Comments

1. There is unanimous consent among parties that this proceeding should remain open to resolve critical issues, with several parties citing legislative direction that requires these issues to be addressed.

All parties who submitted comments on the APD expressed the common opinion that the proceeding should not be closed at this time, in order to address a range of outstanding issues. Dairy Cares, for instance stated that the “*Commission should not close this proceeding because implementation of the monetary incentive program may require further action by the Commission.*”² We agree with this position and reiterate our request that any monetary incentive program that is created for biomethane be inclusive of all renewable gases, including renewable hydrogen.

Clean Energy also stated, “*By closing this proceeding without resolving the current issues before it, the Commission would make it virtually impossible to comply with this requirement of AB 1900. Even if the Commission opens a new proceeding, it would mean many months of delay before the Commission could begin taking up the requirement to review pipeline biomethane standards, meaning that that review would not take place within five years of the original standards being adopted, as required by AB 1900.*” BAC added to its opposition to closing the proceeding a letter from AB 1900 author Senator Gatto, in which he also urges the “*Commission not to close this Rulemaking at this time, since there are many important issues that still need to be resolved to meet the requirements of AB 1900 and subsequent legislation.*”³ He added, “*Closing the current Rulemaking --- even if the Commission opens a new proceeding soon after --- would cause unnecessary delays to projects that are critical to reduce Short-Lived Climate Pollutant emissions as required by SB 1383 (Lara, 2016), which I also helped shape during my tenure.*”⁴ CHBC fully agrees with this opinion.

We additionally share the consensus opinion with the parties, all of whom similarly shared views that the proceeding ought to remain open, that closing the proceeding is premature, and as RNG Coalition, ITM and NFCRC stated, the APD proposal to close the proceeding is without justification.⁵

² See Dairy Cares Comments, p. 1

³ See BAC Comments, p. 11

⁴ Ibid.

⁵ See RNG Coalition Comments, p. 2, ITM Comments, p. 2, and NFCRC Comments, p. 3.

2. Nearly all parties specifically supported addressing hydrogen related issues before closing the proceeding, while none opposed it.

The Commission has received comments on the APD from twenty parties (not including support letters from eleven additional stakeholders attached to party comments).⁶ Of those twenty, eighteen parties (and ten additional signatories of support letters) explicitly supported the Commission examining issues pertaining to hydrogen prior to closing this proceeding.⁷ These nineteen parties represent a broad range of stakeholders with a wide variety of interests, from utilities and industry to environmental justice advocates and academic research.

Hydrogenics summed up this common concern with the assertion that “*We particularly do not support closing this proceeding before issues concerning hydrogen are addressed.*”⁸

Several other parties offered similar statements, such as Mitsubishi Hitachi Power System, which opened their comments by stating, “*We oppose the difference of the Alternate Proposed Decision from the January 22, 2019 Assigned Commissioner’s Proposed Decision regarding its direction to close this proceeding before issues concerning hydrogen are addressed.*”⁹

Several parties pointed out how addressing regulatory frameworks for hydrogen injection are key to the State of California’s efforts on protecting public health and our climate. Alaska Applied Sciences, for instance, stated “*We do not support closing this proceeding, as stated in the Alternate Proposed Decision, before carefully considering the important economic and health value of renewables- source, CO2-emission-free (CEF) hydrogen as an energy carrier, low-cost energy storage medium and high-energy-density fuel.*”¹⁰ Energy Independence Now (EIN) recognized in their comments that “*(c)losing the proceeding before (establishing standards, protocols and tariffs for hydrogen injection in the gas system) will halt progress toward our statewide pollution and climate goals, as well as hinder job growth and economic development from the expanding clean energy economy.*”¹¹ CHBC agrees with these parties, in addition to the

⁶ In addition to CHBC’s comments, we viewed comments submitted BAC (plus a letter of support from Senator Gatto) ,EIN, RNG Coalition, Hydrogenics, NFCRC, BMW, Alaska Applied Sciences, Dairy Cares, Aquahydrex, California Association of Sanitation Agencies, EIN (plus a sign on letter from environmental justice advocates who in addition to EIN, were Coalition for Clean Air, EMERGE, California Kids IAQ, American Legion Post 6, Community Dreams, St. Philomena Social Justice Ministry, Coalition for a Safe Environment, NAACP, San Pedro & Peninsula Homeowners Coalition, and Wilmington Improvement Network), ITM, MHPS, SCG/SDGE/PG&E/Southwest Gas filing jointly, GTI, Clean Energy, Harvest

⁷ These parties are: BAC (plus a letter of support from Sen. Gatto) ,EIN, RNG Coalition, Hydrogenics, NFCRC, BMW, Alaska Applied Sciences, Aquahydrex, California Association of Sanitation Agencies, EIN (plus a sign on letter from environmental justice advocates – see footnote 6 for itemized list), ITM, MHPS, SCG/SDGE/PG&E/Southwest Gas filing jointly, GTI, Harvest

⁸ Hydrogenics Comments, p. 2

⁹ Mitsubishi Hitachi Power Systems Comments, p. 2

¹⁰ Alaska Applied Sciences Comments, p. 2

¹¹ EIN Comments, p. 3

views expressed in a letter of support attached to EIN’s comments issued by ten environmental justice groups representing underserved communities in the Los Angeles basin who are heavily impacted by the negative effects of fossil fuel pollution.¹² They remarked they “*are concerned that by putting off review of critical issues related to advancing renewable hydrogen, Commission President Michael Picker’s Alternate Proposed Decision will undermine efforts to achieve federal and state ambient air quality standards, state greenhouse gas emissions targets, and toxic air contaminant reduction goals in our communities through the use of zero-emission hydrogen and fuel-cell technologies.*”¹³

The need to keep the proceeding open to review hydrogen issues was echoed by the four major California gas IOUs, Southern California Gas, PG&E, SDG&E, and Southwest Gas, who affirmed that the proceeding should not close before the Commission has fulfilled its intention to examine and study the feasibility of accepting hydrogen into the utilities pipeline system.¹⁴ We fully share their view that “*(t)he delay that would be caused by closing this proceeding and opening a new one would harm stakeholders, including biomethane and hydrogen companies that need a supportive regulatory framework to enable investment to help meet California’s climate goals.*”¹⁵

Several parties also made points similar to CHBC that closing the proceeding now would be inconsistent with the CPUC’s own record. NFCRC, for example, concurred with our assertion that “*Commission Decision 14-01-034 required the Commission to add lower and upper limits for hydrogen injection into the common carrier system to the issues to be determined by the end of this phase of the proceeding, and that this should be based on a comprehensive and current evidentiary review.*”¹⁶ Similarly, Harvest Power states, “*In D.14-01-034 (January 2014), the Commission adopted a trigger limit for hydrogen of .1% proposed by the gas utilities, with a schedule to review it by January 2019*” and urges “*the Commission to stick to this timeline, as there are bodies of evidence since the time of that Decision that should be considered and that the hydrogen trigger limit should be increased to at least 5%, and to as much as 20%.*”¹⁷

¹² See letter included as an attachment to EIN Comments, signed by representatives of Coalition for Clean Air, EMERGE, California Kids IAQ, American Legion Post 6, Community Dreams, St. Philomena Social Justice Ministry, Coalition for a Safe Environment, NAACP, San Pedro & Peninsula Homeowners Coalition, and Wilmington Improvement Network.

¹³ See EIN Comments, Attachment A. Re: Support For Keeping CPUC R.13-02-008 Open to Review Hydrogen Issues

¹⁴ See Comments by Southern California Gas Company, San Diego Gas & Electric Company, Pacific Gas & Electric Company, and Southwest Gas, pp. 9-11.

¹⁵ Ibid, p. 6

¹⁶ NFCRC Comments p. 5

¹⁷ Harvest Comments, p. 2

BAC, GTI, and Clean Energy also opine that closing the proceeding before resolving issues pertaining to renewable gases, including hydrogen, would interrupt a process already underway by the Commission and which are key to implementing state climate legislation. They state that *“(t)he current Rulemaking has already begun a new phase to consider several critical climate issues, including the definition of “renewable gas” which is called for in SB 1383 (Lara, 2016) and other state policies, and the role of renewable hydrogen in pipeline gas.”*

Reinforcing that looking at hydrogen issues in this proceeding additionally plays an important role in realizing California’s ambitious ZEV targets, BMW comments: *“In order for BMW to remain a strong participant in California’s economy, this proceeding should remain open with the goal of lowering the barriers for renewable hydrogen to be injected into the natural gas grid.”*¹⁸

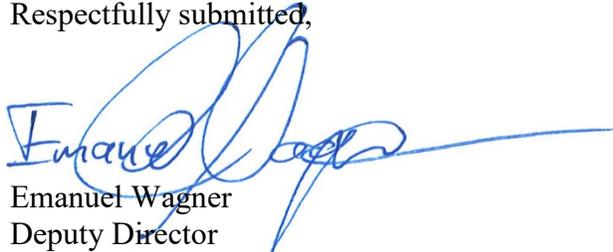
There is overwhelming, multi-stakeholder support for keeping this proceeding open to address hydrogen related issues. Strong evidence has been presented that this ought to be a priority for the Commission and that hydrogen development stands to play important roles in the California economy, as the state pursues climate, health, and clean energy targets.

II. Conclusion

The CHBC looks forward to continuing to work with the Commission on the important issues being raised in this proceeding.

Respectfully submitted,

Dated: May 7, 2019



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¹⁸ BMW Comments, p. 3