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May 20, 2019

Hon. Lorena Gonzalez
Chair, Assembly Appropriations Committee
State Capitol, Room 2114
Sacramento, CA 95814

Re: AB 126 (Cooper)—OPPOSE UNLESS AMENDED

Dear Chairperson Gonzalez:

The California Hydrogen Business Council (CHBC)ⁱ writes in strong opposition to AB 126, unless amended as detailed below, because the bill would effectively eliminate early adopter consumers of hydrogen fuel cell electric vehicles (FCEVs) from eligibility in the state’s vitally important Clean Vehicle Rebate Program (CVRP).

As a threshold matter, as the California Air Resources Board has concluded, hydrogen and FCEVs are a critical component of the state’s efforts to meet our clean air, deep GHG emission reduction, and oil consumption reduction goals. Moreover, hydrogen as a transportation fuel contains the highest percentage of renewable energy of all transportation fuels used in California, in part due to the SB 1505 mandate that 33% of hydrogen come from renewable sources, a target we have already surpassed.

We are therefore deeply concerned by the provision in AB 126 that would eliminate the current exemption from the income cap for FCEVs. This would be a stunning retreat from sound environmental and transportation policy. We, therefore, recommend amending the current version of the bill to reinstate Section 1(3)(d), which reads ***“The income restrictions set forth in paragraph (1) of subdivision (c) shall not apply to fuel cell vehicles.”***

The rationale for this exemption is three fold. First, according to the three OEMs currently offering Fuel Cell Electric Vehicles (FCEVS) in California, over 90% of the vehicles are leased for very competitive rates. The Hyundai Nexo is leased at \$399 per month with \$3,000 due at signingⁱⁱ, the 2019 Honda Clarity FCEV is available at \$379 per month with \$2878 at signingⁱⁱⁱ, and the Toyota Mirai is available at \$349 and \$2,499 due at signing^{iv}. All OEMs provide a fuel card for up to \$15,000 during the lease. This compares to rates for popular gasoline-powered vehicles chosen by low-income families, when including fuel cost. Removing the income exemption for the rebate for FCEVs will slow down the adoption of FCEVs in California while in no way benefiting lower income households. On the contrary, OEMs may need to *increase* the lease rates for these vehicles, if the exemption is removed, hurting low income households who are considering FCEVs as their choice for ZEV transportation needs.

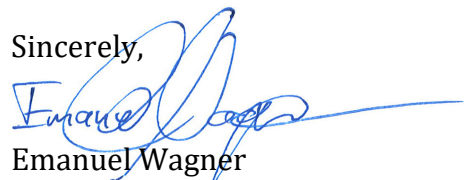
Second, hydrogen fuel cell electric vehicle technology is a nascent technology, and it is important to incentivize the purchase of FCEVs in order to meet our clean air goals. This policy reversal of eliminating the aforementioned exemption for FCEVs from this provision could significantly chill an emerging and crucial new market. In addition, since neither the federal tax break nor California's point-of-sale rebates are available for fuel cells, AB 126 would be a "triple hit" that could deal the crippling blow for this necessary technology.

Third, there is no demonstrable need for this abrupt change of course in zero emission vehicle policy, as last year's rebates for FCEVs amounted to a mere 5% of the upcoming fiscal year CVRP budget.

It would be a sad irony if California, the nation's pioneer in ZEV policy, were to sideline one of the two existing ZEV technologies, and the only option for many citizens, such as those needing fast fueling time and longer distance driving, and multi-unit apartment dwellers who cannot easily plug in their car to charge at home, most of whom are in lower income brackets and in greatest need of financial incentives. This misstep would also contradict the belief of many, including the US Department of Energy^v, which promises hydrogen FCEV to become the most cost-effective zero emission technology across most light duty applications.

We therefore must respectfully oppose this bill and request you amend it.

Sincerely,



Emanuel Wagner
CHBC Deputy Director

Cc: Hon. Jim Cooper
Members, Assembly Appropriations Committee

ⁱ 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 Air Liquide Advanced Technologies U.S. LLC.; Alameda-Contra Costa Transit District (AC Transit); American Honda Motor Company; Anaerobe Systems; Arriba Energy; Ballard Power Systems, Inc.; Bay Area Air Quality Management District (BAAQMD); Beijing SinoHytec; Black & Veatch; BMW of North America LLC; Center for Transportation and the Environment (CTE); Charm Industrial; Chiyoda Corporation; Clean Energy Enterprises; Community Environmental Services; CP Industries; DasH2energy; Dominion Energy; Eco Energy International, LLC; EcoNavitas; EIDorado National – California; Energy Independence Now (EIN); EPC - Engineering, Procurement & Construction; Ergostech Renewal Energy Solution; EWII Fuel Cells LLC; FIBA Technologies, Inc.; First Element Fuel Inc; General Engineering & Research; General Motors, Infrastructure Planning; Geoffrey Budd G&SB Consulting Ltd; Giner ELX; Gladstein, Neandross & Associates; Greenlight Innovation; GTA; H2B2 USA; H2Safe, LLC; Hexagon Lincoln; Hitachi Zosen Inova ETOGAS GmbH; HODPros; Hydrogenics; Hydrogenious Technologies; Hydrogen Law; HyET - Hydrogen Efficiency Technologies; HyperSolar, Inc.; Hyundai Motor Company; IGX Group Inc; ITM Power Inc; Ivys Inc.; Iwatani Corporation of America; Johnson Matthey Fuel Cells; KORE Infrastructure, LLC; Kraft Powercon; Life Cycle Associates; Longitude 122 West, Inc.; Loop Energy; Magnum Energy; Manticore Advocacy LLC; Millennium Reign Energy; Mitsubishi Hitachi Power Systems Americas; Motive Energy Telecommunications; Natural Gas Fueling Solutions (NGFS); Natural Hydrogen Energy Ltd.; Nel Hydrogen (US); Neo-H2; Neuman & Esser USA, Inc; New Flyer of America Inc; Next Hydrogen; Noyes Law Corporation; Nuvera Fuel Cells; Pacific Gas and Electric Company - PG&E; Pacific Northwest National Laboratory (PNNL); PDC Machines; Planet Hydrogen Inc; Plug Power; Politecnico di Torino; Port of Long Beach; Powertech Labs, Inc.; Primidea Building Solutions; RealEnergy, LLC; RG Associates; Rio Hondo College; Rix Industries; Sacramento Municipal Utility District (SMUD); SAFCell Inc; Sheldon Research and Consulting; South Coast Air Quality Management District; Southern California Gas Company; Strategic Analysis Inc; Sumitomo Corporation of Americas; Sumitomo Electric; Sunline Transit Agency; T2M Global; Tatsuno North America Inc.; Terrella Energy Systems Ltd; The Leighty Foundation; TLM Petro Labor Force; Toyota Motor Sales; Trillium - A Love's Company; University of California, Irvine; US Hybrid; Valley Pacific Petroleum Services Inc; Vaughan Pratt [Individual]; Verde LLC; Vinjamuri Innovations LLC; Winkelmann Flowform Technology; WireTough Cylinders, LLC; Worthington Industries; YanliDesign; Zero Carbon Energy Solutions.

ⁱⁱ <https://www.hyundaiusa.com/nexo/index.aspx>

ⁱⁱⁱ <https://automobiles.honda.com/clarity-fuel-cell>

^{iv} <https://ssl.toyota.com/mirai/fcv.html>

^v <https://www.greencarcongress.com/2018/01/20180114-doe.html>