

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Southern California Gas Company (U 904 G), San Diego Gas & Electric Company (U 902 G), Pacific Gas and Electric Company (U 39 G), and Southwest Gas Corporation (U 905 G) regarding Hydrogen-Related Additions or Revisions to the Standard Renewable Gas Interconnection Tariff.

Application 20-11-004  
(Filed December 4, 2020)

**COMMENTS OF THE CALIFORNIA HYDROGEN BUSINESS COUNCIL ON RULING  
SUPERSEDING ADMINISTRATIVE LAW JUDGE'S RULING  
FILED ON MARCH 10, 2021**

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**I. Introduction**

The California Hydrogen Business Council (CHBC)<sup>1</sup> appreciates the opportunity to comment on the *RULING SUPERSEDING ADMINISTRATIVE LAW JUDGE’S RULING FILED ON MARCH 10, 2021* (“Ruling”), filed on March 11, 2020. The CHBC is disappointed in the California Public Utilities Commission’s (CPUC) proposed decision to dismiss the application. The CHBC is concerned about the lack of urgency the CPUC is displaying to address decarbonization of the gas grid. The CHBC believes the CPUC, based on the explanation provided in the proposed decision, does not fully appreciate how the University California Riverside (UCR) study, the CEC research projects, and the utility demonstration program are complementary, not duplicative. All will contribute to filling existing knowledge gaps to enable the development of a statewide hydrogen injection standard.

As such, the CHBC reiterates its urgent push to accelerate, not delay, or reject, the proposed demonstration projects for hydrogen injection in the three types of plastic, steel, and mixed

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<sup>1</sup> 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. CHBC Members are listed here: <https://www.californiahydrogen.org/aboutus/chbc-members/>

plastic and steel pipelines on parallel tracks and requests that the proposed utility demonstration program and associated memorandum accounts be approved expeditiously.

These recommendations are explained in further detail in the Comments section below.

## II. Comments

### a. UCR Study and the CEC Project are not duplicative but additive and would support a timely set of real-world data on hydrogen injection into the state's gas grid.

The Commission finds *“the scope of the Demo Program appears to be duplicative with the scope of the UCR Study. The proposed Demo Program covers many, if not all, of the same matters that are being addressed in the UCR Study. The Commission is concerned that it is potentially duplicative and an unreasonable use of the limited time and resources of the Commission and the parties to consider the merits and costs of the Memo Accounts and the related Demo Program before the UCR Study is complete and parties’ comments on that study are received and assessed.”*<sup>2</sup> The CHBC points out that the UCR Study is predominantly a “paper study” with “simulated” laboratory injection testing. While the data and results will be available in September 2021, the results can be applied in the proposed demonstration projects to validate the dataset under real-world conditions.

*“In addition, the Commission in Resolution G-3571 has authorized funds for the CEC Project. The scope of the Joint Utilities proposed Demo Program appears to be duplicative with the scope of the CEC Project.”*<sup>3</sup> The CEC project’s funding is significantly lower at \$5 to \$7 million and does not allow for the testing of the several types of pipelines as the demo projects propose. The data gathered from just this one project will therefore have limited applicability, and would still require additional testing and validation.

### b. Rejecting the demo program would significantly delay hydrogen injection projects and safety protocol development.

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<sup>2</sup> RULING SUPERSEDING ADMINISTRATIVE LAW JUDGE’S RULING FILED ON MARCH 10, 2021, page 6

<sup>3</sup> Ibid.

*“The Commission finds that the best use of the limited time and resources of the Commission and the parties would be to first obtain and analyze both the results of the UCR Study and parties’ comments before considering the establishment of Memo Accounts and a Demo Program.”*<sup>4</sup>

Further delaying efforts to decarbonize the gas grid is contrary to state policies, e.g., EO B-55-18, to achieve carbon neutrality.<sup>5</sup> California has set a decarbonization goal for the state by 2045. Therefore, there is no time to delay examining opportunities that might be available to the state’s current gas grid.

Reports like EDF’s “California needs clean firm power, and so does the rest of the world”<sup>6</sup> emphasize the need for long-duration storage in a low carbon, high renewable world, which hydrogen injected in the gas grid could provide. This is supported by NREL’s “The Technical and Economic Potential of the H2@Scale Hydrogen Concept within the United States”<sup>7</sup> and the UC Irvine report “Comparing the Levelized Cost of Returned Energy (LCORE) Values for Hydrogen-Based Conversion Pathways and Batteries”.<sup>8</sup>

In fact, the establishment of the memorandum accounts and the demonstration program would not start until the UCR study results are available, thereby informing the utilities of the work and results of said study. In contrast, the CEC is planning to issue its GFO in late 2021 and not make a decision until early 2022, with the awarded project being completed no earlier than 2023. That project then only provides partially applicable data due to its limitations and smaller scope, requiring additional projects to be initiated to assess the whole spectrum of gas grid injection options. In essence, rejecting this application would significantly delay any injection projects and any meaningful opportunity to examine decarbonizing the gas grid by at least two years, if not more.

CHBC recommends coordinating the utility demonstration program with the CEC GFO, allowing the proposed projects to address issues not being tested and demonstrated by this application. The demonstration projects in this application would likely commence in early 2022, allowing for a full year of data gathering prior to the CEC project commencing.

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<sup>4</sup> Ibid.

<sup>5</sup> [ca.gov/archive/gov39/wp-content/uploads/2018/09/9.10.18-Executive-Order.pdf](https://www.ca.gov/archive/gov39/wp-content/uploads/2018/09/9.10.18-Executive-Order.pdf)

<sup>6</sup> [https://www.edf.org/sites/default/files/documents/SB100%20clean%20firm%20power%20report%20plus%20SI\\_clean.pdf](https://www.edf.org/sites/default/files/documents/SB100%20clean%20firm%20power%20report%20plus%20SI_clean.pdf)

<sup>7</sup> <https://www.nrel.gov/docs/fy21osti/77610.pdf>

<sup>8</sup> <https://iopscience.iop.org/article/10.1149/09601.0043ecst/meta> and [http://www.apec.uci.edu/images/Storage\\_and\\_Transport\\_2.jpg](http://www.apec.uci.edu/images/Storage_and_Transport_2.jpg)

**c. The CPUC’s workload is not a sufficient cause for rejecting an application that could scale up to significantly decarbonize the gas grid in California.**

The CHBC strongly objects to the CPUC’s rationale of “Dismissing the Application will reduce the burden on the CPUC’s docket and allow parties to maintain focus on currently active matters.” The CPUC has no other ongoing gas hydrogen injection related application on its docket, and for that matter, aside from the interrelated biomethane proceeding R.13-02-008, covering the injection standard and definitions, it is not covering hydrogen in any meaningful way. To reject this hydrogen application based on the workload of the CPUC in other proceedings is unacceptable. Furthermore, not considering this application is inconsistent with state law under SB 1369, in which Section 400.3 was added to the Public Utilities Code that reads “*the commission [...] shall consider green electrolytic hydrogen an eligible form of energy storage, and shall consider other potential uses of green electrolytic hydrogen.*”<sup>9</sup> So far, we have yet to see any evidence for the CPUC to make an earnest effort to consider potential uses of green electrolytic hydrogen in any of the CPUC proceedings.

**d. While additional data on the use of funds and timelines should be provided by the utilities when they become available, that does not justify rejecting the application.**

The CHBC notes that the Joint Utilities have a proposed a memorandum account, which is subject to reasonableness review. This means that the CPUC will have an opportunity to review and approve all costs associated with the demonstration program, thereby ensuring that ratepayer funds are used responsibly and appropriately. Also, as discussed above, there is ample opportunity for coordination with the UCR and CEC projects. As such, we strongly disagree with these being reasons for dismissal of the application.

### **III. Conclusion**


The CHBC thanks the CPUC for considering these comments and urges the CPUC to reconsider its proposed decision. Instead of dismissing the application, the CHBC supports a collaborative approach between the CPUC, UCR, CEC, and the Joint Utilities to address the issues raised and quickly move forward with the application.

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<sup>9</sup> [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180SB1369](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1369)

Respectfully submitted,

Dated: March 30, 2021



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