

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

Order Instituting Rulemaking Regarding  
Policies, Procedures and Rules for the Self-  
Generation Incentive Program and Other  
Related Issues.

Rulemaking 20-05-012  
(Filed May 28, 2020)

**OPENING COMMENTS OF THE CALIFORNIA HYDROGEN BUSINESS COUNCIL  
ON PROPOSED DECISION REVISING SELF-GENERATION INCENTIVE PROGRAM  
RENEWABLE GENERATION TECHNOLOGY PROGRAM REQUIREMENTS AND  
OTHER MATTERS**

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**May 19, 2021**

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**I. Introduction**

The California Hydrogen Business Council (CHBC)<sup>1</sup> appreciates the opportunity to provide opening comments on the Proposed Decision (PD) Revising Self-Generation Incentive Program (SGIP) Renewable Generation Technology Program Requirements and Other Matters, issued on April 29, 2021, according to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure.

**II. Comments on PD**

The CHBC appreciates the CPUC’s inclusion of several provisions that will enable the use of hydrogen. While the CHBC agrees with many aspects of the PD, it would like to express concern about two points that are detailed in these CHBC opening comments. Overall, the CPUC should avoid creating policy precedents that will restrict the market development of hydrogen pathways

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<sup>1</sup> The CHBC is comprised of over 120 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 help the state meet its decarbonization goals. **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/>

fully consistent with state policy and the legislation directing changes to the SGIP.

**a. Ineligibility of Renewable Hydrogen from Biogenic Sources**

The PD for the SGIP program proposes to not allow for renewable hydrogen-based on biogenic pathways (as those require small amounts of combustion to provide process heat). This approach is inconsistent with the treatment of other fuels in the SGIP program, in which the PUC requires combustion pathways to use an exclusively renewable feedstock. It is not clear why the PUC is applying a higher standard to hydrogen vs. other technologies, and the CHBC continues to oppose requiring such a high standard for a developing technology when that is not applied to other technologies. As the SGIP program is designed to reduce GHG emissions, criteria related to GHG emission profiles should be used to determine the feasibility of using certain feedstocks. A Carbon Intensity metric, similar to the Low Carbon Fuel Standard, is a recommended approach and is more policy-aligned than removing entire production pathways. Biogenic feedstocks show very low or carbon-negative CI scores in the LCFS program and should also be eligible resources in the SGIP program for hydrogen.

CHBC's strong concern is not only the general issue of unequal treatment of fuels for different technologies (i.e., biofuels for electric generation vs. hydrogen), but also the specific impact the proposed regulations will have on hydrogen market development in the DER sector. The CHBC asserts that it is not consistent with state policy to have renewable hydrogen from biogenic sources treated as eligible under the RPS and the LCFS but not eligible under the SGIP program, and is concerned about the kind of market signals this creates for renewable hydrogen investors in California.

**b. Requirement of Using Dedicated Pipeline for Hydrogen Delivery**

The PD Conclusion of Law #8 should be simplified to not create a prohibitive requirement for hydrogen.

*8. The Commission should define eligible renewable hydrogen fuel for SGIP projects as hydrogen produced at a SGIP project site, or delivered to a SGIP project site by vehicle or **dedicated** pipeline, that was produced through noncombustion thermal conversion, or electrolysis using 100 percent renewable electricity, as defined by the Renewables Portfolio Standard, with the addition of large hydropower and excluding purpose-grown*

*crops*

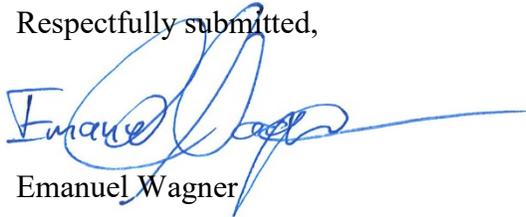
There are no dedicated pipelines in California for hydrogen aside from the Port of Los Angeles. Developing a dedicated hydrogen pipeline for an SGIP project would be prohibitively expensive and would require an infeasible timeline. Therefore, we urge the PUC to merely strike the word “dedicated.” CHBC has previously supplied data that show how projects around the world inject hydrogen into gas pipelines to decarbonize the natural gas system. Currently, several projects are proposed in California to demonstrate natural gas decarbonization using hydrogen. Hydrogen can be injected at one point of the gas system and removed further down the line without requiring a dedicated pipeline. The CHBC recommends that using the gas system to deliver hydrogen to an SGIP project be eligible just as directed biomethane is.

### **III. CONCLUSION**

The CHBC appreciates the Commission considering these comments on the inclusion of renewable hydrogen in the SGIP.

Respectfully submitted,

Dated: May 19, 2021



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California Hydrogen Business Council