BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes.	Rulemaking 20-05-003 (Filed May 7, 2020)

COMMENTS OF THE CALIFORNIA HYDROGEN BUSINESS COUNCIL ON THE PROPOSED DECISION AND ALTERNATE PROPOSED DECISION REQUIRING PROCUREMENT TO ADDRESS MID-TERM RELIABILITY (2023-2026)

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the California Hydrogen Business Council (CHBC)[1] hereby submits these comments on the Proposed Decision (PD) and Alternate Proposed Decision (APD) requiring procurement to address mid-term reliability, issued by the Commission on May 21, 2021.

I. INTRODUCTION

The CHBC appreciates the opportunity to submit comments on the Commission's PD and APD. For California to reach our greenhouse gas (GHG) emissions reduction targets for 2030 and beyond to 2045, the state and the load-serving entities (LSEs) that serve the state, must work together in identifying the most effective path forward. The CHBC applauds the Commission's dedication to decarbonizing power plants by including all resources available to the state, specifically green hydrogen. The PD and APD's inclusion of green hydrogen will create demand within the energy sector, increasing the production of green hydrogen and ultimately helping to decrease the cost of energy for ratepayers. Placing green hydrogen on a glide-path of affordability

[1] 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 the individual CHBC member companies.** CHBC Members are listed here: https://www.californiahydrogen.org/aboutus/chbc-members/

and accessibility as soon as 2030 will lead to decarbonization in all sectors—catapulting California towards 100 percent zero-carbon emissions.

The Commission took a pivotal first step towards decarbonizing the electric grid in the issuance of the PD and APD, however, the CHBC respectfully requests that the Commission consider recommendations to enhance the use of green hydrogen, the loading order of green hydrogen, and the length of green hydrogen contracts. The CHBC additionally offers a definition of green hydrogen for immediate reference. The CHBC's comments are summarized below:

A. The PD should be modified to "direct," instead of "authorize," the investor-owned utilities (IOUs) to procure *more than* 300 MW of green hydrogen net qualifying capacity (NQC) by 2025;
B. The Commission should establish a loading order for the green hydrogen and fossil fuel blend that IOUs would be directed to use on the electric grid;
C. The Commission should modify the PD and APD to allow IOUs to engage in longer contracts for green hydrogen; and,
D. The CHBC proposes a definition of green hydrogen to be used in reference to this order.

II. CHBC COMMENTS

a. The PD should be modified to "direct," instead of "authorize," the investor-owned utilities (IOUs) to procure *more than* 300 MW of green hydrogen net qualifying capacity (NQC) by 2025.

The CHBC supports the policy laid out in the AD, authorizing the IOUs to procure a specified number of MW of NQC of eligible fossil-fueled resources that commit to using a fuel blend with at least 30% of green hydrogen by 2026, and 50% by 2031. Although it is significant for the Commission to authorize 300 MW of NQC of eligible fossil-fuel and green hydrogen blends, the language should be strengthened to ensure IOUs will invest in this critical decarbonization technology. To meet California's 2030 and 2045 goals, the state's agencies must lead with impactful language that will send key market signals to investors that green hydrogen is a sustainable, worthwhile investment. Therefore, the CHBC respectfully requests the term "authorize" be modified to "direct."

Directing the IOUs to utilize green hydrogen in fuel blends is one important step to decarbonizing the electric grid; the next step is to identify a meaningful number of MW of eligible

fossil-fueled and green hydrogen blend NQC. Of the 11,500 MW requirements within this order, 300 MW is an underwhelming market signal to investors that California is committed to green hydrogen as a key resource needed to meet the stated decarbonization goals within the electric grid. California must not be performative in policy; instead, California must set the standard for decarbonization at a level that is attainable with the technologies available today. The CHBC is thrilled to see the Commission place a set number of MW within this order, but we sincerely believe the order must go further and respectfully request that the Commission must set the minimum number above 300 MW.

b. The Commission should establish a loading order for the green hydrogen and fossil fuel blend that IOUs would be directed to use on the electric grid.

A loading order for the directed use of eligible fossil fuel and green hydrogen blends would ensure these renewable blends are prioritized over carbon-heavy fossil fuels without green hydrogen. Today, fossil-fueled resources are less expensive than green hydrogen fossil fuel blends and would be used far more frequently than these blended fuels. This use of fossil-fueled resources will only increase California's electric grid GHG emissions and stunt the market growth, scalability and affordability of decarbonizing fuels like green hydrogen. The CHBC recommends that the Commission establish a loading order for eligible fossil fuel and green hydrogen blends.

c. The Commission should modify the PD and APD to allow IOUs to engage in longer contracts for green hydrogen.

The Commission's five-year limitation for IOU contracts for the use of eligible fossil fuel and green hydrogen blends sends the wrong market signals to investors that renewable fuel blends are part of California's electric grid decarbonization plan. Because of the need to transition existing infrastructure in order to increase the use of green hydrogen-blended eligible fossil fuels, the costs associated with that transition within a five-year timeline is far too expensive for ratepayers and an impractical investment for IOUs. Instead, a fifteen-year limitation on eligible fossil fuel and green hydrogen blend contracts is feasible and reduces the costs to ratepayers in comparison to a five-year contract. For these reasons, the CHBC respectfully requests the limitation of five-year contracts be extended to at least fifteen years.

d. **The CHBC proposes a definition of green hydrogen to be used in reference to this order.**

The CHBC is supportive of and encouraged by the Commission's use of the term "green hydrogen," as it falls under the definition of "green electrolytic hydrogen" in statute. Currently, California does not have a definition of "green hydrogen" written into law. Although the CHBC is supportive of the use of this term in relation to green electrolytic hydrogen defined in statute, the CHBC notes the potential of the existing definition to preclude new pathways for green hydrogen to be produced, including biogas and thermal conversion of biomass, among others.

The CHBC would like to offer an inclusive definition of green hydrogen that will result in eligibility of new and existing technologies that will carry California to decarbonizing the electric grid. The CHBC recommends that green hydrogen be defined within the order as: *"hydrogen that is not made from fossil fuel sources and does not produce net incremental carbon emissions during its primary production process."*

III. CONCLUSION

The CHBC appreciates the opportunity to comment on the PD and APD. The CHBC offers these comments as recommendations to ensure a sustainable transition to renewable fuels within the electric grid. Accomplishing this transition will require great coordination between state agencies, load serving entities and investor-owned utilities. The CHBC recognizes the Commission's efforts to lead investors in choosing a renewable path forward and is hopeful a more directive, robust, and long-term approach is instituted in the final order.

Respectfully submitted, Dated: June 10, 2021

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