

DOCKETED

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November 12, 2025

Director Hannon Rasool
Fuels and Transportation Division
California Energy Commission
2526 9th Street
Sacramento, CA 95814

RE: Docket 25-HYD-01- H2FCP Recommendations for Reallocation of Returned Funds from CEC GFO-19-602

Dear Director Rasool:

On behalf of the Hydrogen Fuel Cell Partnership (H2FCP) and its members, we respectfully submit the following recommendations regarding the reallocation of funds returned to the California Energy Commission (CEC) under GFO-19-602.

H2FCP offers these recommendations in the spirit of collaboration with CEC staff and stakeholders working to advance California's clean transportation goals. These recommendations reflect extensive discussion and alignment among H2FCP's diverse membership.

Industry priorities vary widely across the hydrogen and fuel cell electric-vehicle sector, reflecting differences in market maturity, vehicle applications, and regional infrastructure needs. Regardless, our members are unified in seeking a balanced approach that supports both market stabilization and long-term growth.

The hydrogen refueling market is highly complex, with multiple interdependent challenges across production, distribution, and retail dispensing. Grant program design that incorporates flexibility and broad eligibility will have a higher likelihood of success, as they can accommodate the range of outcomes required for market functionality. Conversely, overly prescriptive program parameters may limit participation and hinder the ability to address emerging market gaps.

Table 1 contains the H2FCP recommendations for reallocating the GFO 19-602 returned funds. These recommendations are a package with synergies between each of the recommended focus areas. An overarching recommendation is a grant program structure that allows CEC the flexibility to shift funding from one category to another based on applicant demand, based on an understanding that the competitive grant environment may result in asymmetries between funding requests and CEC fund allocations.

Table 1: H2FCP recommendations for reallocation of CEC GFO 19-602 funds

Priority	Recommended Program	Strategic Purpose	Description
1	LCFS Gap Matching Program	Provide LCFS gap match to enable near-term cost benefit to FCEV drivers and stimulate demand in a suppressed market.	<ul style="list-style-type: none"> Help close the gap of historically low LCFS credit values will the LCFS credit market recovers due to recent CARB changes; LCFS match form based on HRI crediting; Stations qualification process for program participation; Station performance requirement; Immediate retail hydrogen cost reduction requirement;
2	Improvement Grants	Improve existing or awarded LD retail stations to achieve higher reliability leading to O&M cost reduction.	<ul style="list-style-type: none"> Provides glidepath for continued retail hydrogen cost reductions enabled by improved station performance, at the sunset of, "1. LCFS Gap Matching Program." \$/station allocation can vary based on specific needs; Focus is broad and dependent on individual station developers' unique needs. Investment areas could include operational improvements and upgrades to major station rebuilds; Consider prioritizing constrained markets with limited fueling options;
3	New Station Development Grants	Drive new infrastructure expansion with options for Multi-modal, HD, and L/MD, and selects best proposal based on performance metrics.	<ul style="list-style-type: none"> Focus on high throughput stations and/or retail network gap areas (in order of priority: LA- West-side into Santa Monica, Sacramento, San Francisco, San Diego); Proposals need to be evaluated based on performance metrics; If there are limited applications for this category due to the focus on improving the current network, allow shifting funds to funding streams 2 & 3.
4	Station Operational Status System Upgrades	Improve SOSS back-end and front-end to enhance customer experience and awareness.	<ul style="list-style-type: none"> Necessary program. Priority does not diminish need. Unanimous approval from H2FCP members that this is a funding need; Improve SOSS back-end programming Develop individual station and network KPIs for "2. LCFS Gap Matching Program," performance verification, and public facing dashboard; Improve SOSS front-end customer interface.

Supporting Discussion:

The *LCFS Gap Matching Program* is the highest priority because it provides an immediate and direct mechanism to help lower retail hydrogen costs, stimulating demand and bridging the period during which the LCFS credit bank is being spent down and credit values begin to rebound.

Improvement Grants should remain a broad funding category, allowing flexibility to address station upgrades ranging from operational improvements and component upgrades to full rebuilds. This flexibility is essential to adapt to diverse operator needs and maximize impact. The benefits from *Improvement Grant* should start to be realized as the *LCFS Gap Matching Program* funds ramp-down, providing a smoother transition to station business sustainability.

New Station Development Grants are similarly complex due to evolving market dynamics. Like the *Improvement Grants*, they should remain flexible in scope to attract a wider range of applicants. A discussion item for the upcoming CEC pre-solicitation workshop could focus on

balancing light-, medium-, and heavy-duty (LD/MD/HD) market priorities. One potential approach is to emphasize multi-modal capability (co-locating fueling for different vehicle classes), however such stations are not well aligned with dense urban markets, where the unique needs of light-duty FCEV customers are critical such as Los Angeles (West-side/Santa Monica), Sacramento, San Francisco, and San Diego. *New Station Development Grants* benefits should start to be realized as the *LCFS Gap Matching Program* funds ramp-down.

The *Station Operational Status System (SOSS) Upgrades* recommendation received unanimous member support. As the “connective tissue” of the retail hydrogen ecosystem, SOSS improvements will strengthen California’s ability to facilitate accurate LCFS credit generation, enhance automaker communication of fueling options, and improve the overall FCEV driver hydrogen fueling experience.

Program Design Considerations:

H2FCP believes these recommendations, implemented together, constitute a balanced, flexible funding framework that supports both near-term market stabilization and the long-term growth of California’s hydrogen refueling network. Should program funds for a specific funding category be under-subscribed, H2FCP members suggest flexibility where funding can be awarded to other categories with stronger interest. Such a program structure will reinforce virtuous cycles of investment into this critical zero emission vehicle sector.

In closing, we thank the California Energy Commission for your continued leadership and commitment to advancing zero-emission transportation and hydrogen fueling infrastructure. We stand ready to provide additional input or technical assistance as needed. Thank you for your consideration and support.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Park".

David Park
Director of Industry Affairs