

<b>DOCKETED</b>	
<b>Docket Number:</b>	25-IEPR-01
<b>Project Title:</b>	General Scope
<b>TN #:</b>	269999
<b>Document Title:</b>	Miles Heller Comments - Draft 2025 IEPR Comments 5-2026
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Miles Heller
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	5/15/2026 11:46:28 AM
<b>Docketed Date:</b>	5/15/2026

*Comment Received From: Miles Heller  
Submitted On: 5/15/2026  
Docket Number: 25-IEPR-01*

**Draft 2025 IEPR Comments 5-2026**

Air Products' comments attached. We appreciate the opportunity to provide this feedback.

*Additional submitted attachment is included below.*

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May 15th, 2026

Commissioner Hochschild  
California Energy Commission (CEC)  
715 P Street  
Sacramento, California 95814

IEPR Docket 25-IEPR-04

## **RE: Air Products' Comments - 2025 Integrated Energy Policy Report (IEPR)**

Dear Chair Hochschild:

Thank you for the opportunity to comment on the draft 2025 IEPR and in particular on the section related to hydrogen as required by SB 1075 (Chapter 4). Hydrogen can play an important role in the clean energy transition – particularly in the transportation, maritime, heavy industry, and power sectors. Hydrogen is an important complement to other low and zero emission energy sources, adding to energy diversity and resiliency amid the transition to clean energy.

It is important to recognize that California is home to a world-leading private hydrogen market, which has safely and effectively operated for decades under a strong regulatory regime to competitively serve industrial and transportation customers. Leveraging and building on these existing, functioning markets will allow California to bolster its leadership position in the global clean hydrogen market, while also driving policy and economic changes on the regional, national, and international levels.

### **Background on Air Products**

Air Products is a global, and the only United States-based, industrial gases company with substantial experience producing, storing, and deploying hydrogen in a safe and environmentally conscious manner. Within California, for more than 50 years, Air Products has safely operated hydrogen systems, including 9 hydrogen-production facilities and 30 miles of hydrogen pipelines. Air Products also supplies a network of light-duty hydrogen fueling stations.

### **Hydrogen as a Zero-Carbon Resource for Power**

We appreciate the inclusion of hydrogen as a resource in scenarios both for long duration storage of energy and fossil gas replacement – including in combustion turbines. In addition to the modeling, the state must ensure that it adopts the policies needed to take full advantage of this versatile resource, including use in turbines. Hydrogen turbines provide a clear pathway for converting existing natural gas plants to produce zero-carbon electricity, especially since leveraging existing assets that are already interconnected to the grid is one of the most expedient paths to decarbonizing power generation. As the CEC acknowledges, there are “no explicit statewide policy goals for the use of hydrogen in the electric or transportation sectors in

California”, but we believe that the IEPR would benefit from a policy discussion inclusive of the following concepts for the electricity sector:

- New or expanded incentives for procuring hydrogen in the electricity sector, including clean resource adequacy provisions or central procurement and long-term contracting models, as identified in the SB 423 Report Update.
- Directives to load-serving entities (LSE) to procure hydrogen baseload or dispatchable capacity.
- Procurement directives for hydrogen as a long-term storage solution.
- Consideration of distributed generation and grid resiliency in the California Public Utilities Commission’s (CPUC) Integrated Resource Planning process and Reliable and Clean Power Procurement Program (RCPPP), including procurement orders for electric LSEs that include hydrogen fueled equipment.

### **Recognizing California’s Leading Competitive Hydrogen Market**

We appreciate the key takeaway that scale in the market is needed to drive down costs, which is driven by demand. Air Products believes that this scale can best be accomplished in the private, competitive market as it has existed for decades in California. Accordingly, we also appreciate that there was no recommendation for creating a vertically integrated, CPUC-regulated hydrogen utility, which would disrupt and destabilize California’s leading and growing hydrogen market. Allowing California’s regulated natural gas utilities to suddenly enter the existing, functional, competitive hydrogen market, and use current ratepayer funds to enable the utility to unfairly compete against the private sector, will not serve to catalyze an expanded hydrogen market. Instead, it will undermine long-term cost-effectiveness and send negative market signals to the private sector.

### **A Complete Analysis of Hydrogen Demand Is Important for Guiding the Clean Hydrogen Market Development**

- We encourage the CEC to include additional analysis in the IEPR to explore a wide array of applications and use cases for hydrogen in the transportation sector, with a special emphasis on ports as regional anchors for hydrogen demand growth. Some of the most severe air quality impacts occur in communities in and around port complexes, which often host heavy industry, aviation, maritime and power production. As the CEC looks across the transportation sector to leverage hydrogen to meet climate and clean air goals, ports should be kept top of mind. Port greening has co-benefits with the potential to expand hydrogen infrastructure and deployment to neighboring industries. Delivery of hydrogen in these regions will have a high impact and result in immediate, dramatic air quality improvements.
- In addition to SB 1075’s requirements to evaluate demand in the transportation and electricity sectors, we continue to encourage the CEC to evaluate potential demand for clean hydrogen in the industrial sector. We encourage CEC to include information on hydrogen’s potential in the industrial sector in the Final 2025 IEPR and/or a future IEPR. Just as clean hydrogen can be deployed to decarbonize gas power plants, it can also decarbonize cement, glass, and steel manufacturing as well as other industrial operations. Indeed, the California Air Resources Board (CARB) Draft Report on decarbonizing the

cement sector pursuant to SB 596, highlights a potentially promising role for hydrogen to support a net-zero carbon cement sector in California.<sup>1</sup>

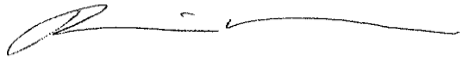
### **CEC Should Maintain a Technology-Neutral Approach to Hydrogen**

We appreciate the technology-neutral approach reflected in the Draft IEPR, which includes various technologies in the analysis (i.e., steam methane reforming with carbon capture and/or use of biogas in addition to electrolysis). This reflects important progress compared to the 2023 IEPR, which focused primarily on a single production technology – renewable electrolysis. A technology-neutral approach to clean energy supports competition, scale, best-fit solutions for individual facilities, and more rapid beneficial air quality and climate outcomes for California.

Additionally, we agree with the key takeaway that large end use demand would be best served by pipelines and large storage; and appreciate that the report does not dismiss the role of hydrogen transportation by truck, which was implied during the July 2025 workshop. The current expansive transportation fuels market is well served by truck delivery, and we appreciate that this is reflected in the transportation refueling scenarios.

Thank you again for the opportunity to comment. If you have any questions, please feel free to contact me at [hellermt@airproducts.com](mailto:hellermt@airproducts.com).

Respectfully,



Miles Heller  
Director, Greenhouse Gas, Hydrogen, and Utility Regulatory Policy

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<sup>1</sup> <https://ww2.arb.ca.gov/sites/default/files/2025-03/Draft%20Net-Zero%20GHG%20Emissions%20Strategy%20for%20the%20Cement%20Sector.pdf>