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Additional submitted attachment is included below.



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June 23, 2026

California Energy Commission

Re: Docket No. 22-OII-02

Dear Chair, Commissioners, and Staff:

The First Public Hydrogen Authority ("FPH₂") appreciates the opportunity to provide comments on the California Energy Commission's Draft Staff Report, Clean and Renewable Hydrogen for the Electricity and Transportation Sectors.

FPH₂ commends the Commission and staff for conducting one of the most comprehensive evaluations to date of hydrogen production pathways, storage technologies, transportation infrastructure, and end-use applications in California. The report provides an important framework for understanding the opportunities and challenges associated with hydrogen's role in achieving California's long-term climate, energy reliability, and transportation objectives.

The Authority generally agrees with several key conclusions of the Draft Staff Report, including:

- Hydrogen will likely play an important role in decarbonizing sectors that are difficult to electrify;
- Hydrogen has the potential to provide firm, dispatchable, long-duration energy resources capable of supporting electric system reliability;
- Scale is one of the most important drivers of reducing hydrogen costs and improving project economics;
- Significant investments in storage, transportation, and delivery infrastructure will be necessary to support widespread hydrogen deployment; and
- Hydrogen can serve an important role in medium- and heavy-duty transportation, transit, aviation, maritime, rail, and other applications where battery-electric technologies may face operational limitations.

FPH₂ supports the Commission's continued evaluation of hydrogen as part of California's broader clean energy portfolio. At the same time, the Authority believes several important market-development considerations deserve additional attention in the final report.

I. CALIFORNIA'S HYDROGEN CHALLENGE IS INCREASINGLY A MARKET FORMATION CHALLENGE

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The Draft Staff Report appropriately focuses on hydrogen production pathways, storage technologies, transportation infrastructure, and end-use applications. However, the report provides limited discussion regarding how large-scale hydrogen markets are created and sustained.

Hydrogen producers, infrastructure developers, equipment manufacturers, financiers, and investors require long-term demand certainty before committing capital to large-scale projects. Without reliable and aggregated demand, even technically viable hydrogen projects frequently struggle to obtain financing and move toward commercial deployment.

The Authority believes California's hydrogen challenge is increasingly not a technology challenge, but a market formation challenge.

Future hydrogen deployment will depend not only on production technologies and infrastructure assets, but also on institutions capable of organizing demand, creating market certainty, and supporting long-term investment throughout the hydrogen value chain.

II. THE FIRST PUBLIC HYDROGEN AUTHORITY PROVIDES A MODEL FOR HYDROGEN MARKET FORMATION

The First Public Hydrogen Authority (FPH₂) was established to address one of the most significant barriers identified throughout the Draft Staff Report: the lack of coordinated, scalable, and financeable hydrogen demand.

FPH₂ is a California public authority whose mission is to aggregate hydrogen demand across public agencies, transportation providers, municipalities, utilities, infrastructure operators, industrial users, and private-sector customers in order to facilitate deployment of clean hydrogen production, transportation, storage, and end-use infrastructure.

The Authority was created based on the recognition that hydrogen producers, developers, and investors often face substantial challenges securing long-term offtake commitments necessary to finance projects at commercial scale.

By aggregating demand across multiple sectors and customers, FPH₂ seeks to create the scale and market certainty necessary to reduce costs, lower investment risk, accelerate deployment, and support long-term infrastructure development.



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The Authority respectfully recommends that the Commission recognize demand aggregation entities, public purchasing cooperatives, regional procurement authorities, and long-term offtake aggregators as important market-enabling infrastructure capable of accelerating hydrogen deployment while reducing risk for producers, investors, and consumers.

III. PUBLIC-SECTOR PROCUREMENT SHOULD BE RECOGNIZED AS A HYDROGEN DEPLOYMENT STRATEGY

The report identifies transportation demand as a major future hydrogen market. However, many of California's earliest and most reliable hydrogen customers are likely to be public-sector organizations, including:

- Transit agencies;
- Municipal fleets;
- Water districts;
- Airports;
- Ports;
- Public utilities;
- Emergency response organizations; and
- Critical infrastructure operators.

These organizations frequently possess stable demand profiles, long asset lifecycles, and public policy mandates that make them ideal early adopters of hydrogen technologies.

FPH₂ believes coordinated public-sector procurement represents one of the most effective tools available to accelerate hydrogen deployment while simultaneously reducing market risk and lowering costs through economies of scale.

IV. CO-LOCATION OF HYDROGEN SUPPLY AND DEMAND DESERVES GREATER ATTENTION

The Draft Staff Report appropriately identifies transportation, storage, and delivery costs as significant challenges for hydrogen deployment.

However, one of the most promising emerging deployment models is the co-location of hydrogen production and hydrogen consumption.



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Co-located hydrogen ecosystems can significantly reduce transportation costs, minimize infrastructure requirements, improve reliability, and enhance overall project economics.

Examples include:

- Transit fueling campuses;
- Industrial energy parks;
- Data center energy campuses;
- Water infrastructure facilities;
- Port and logistics facilities;
- Fuel-cell-powered microgrids; and
- Integrated clean energy developments.

By reducing the distance between production and consumption, co-located projects can avoid many of the infrastructure challenges associated with long-distance hydrogen transportation and distribution.

The Authority recommends that future Commission analyses specifically evaluate co-located hydrogen ecosystems as a distinct and potentially advantageous deployment pathway.

V. OFF-GRID AND INTEGRATED ENERGY ECOSYSTEMS WARRANT ADDITIONAL ANALYSIS

The report appropriately discusses challenges associated with electrolytic hydrogen production, including renewable generation requirements, intermittency, land use, and capacity factors.

However, the Authority believes the report understates the potential value of integrated energy ecosystems that combine:

- Dedicated renewable generation;
- Long-duration energy storage;
- Hydrogen production;
- Hydrogen storage;
- Fuel-cell generation;
- Dispatchable clean power; and
- Large-scale stationary energy demand.



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FPH₂ is actively advancing the evaluation and development of integrated energy ecosystem projects designed to support both mobility and stationary energy applications.

These systems are intended to combine renewable generation, energy storage, hydrogen production, fuel-cell power generation, and large commercial or public-sector loads into a unified energy platform capable of providing highly reliable, low-carbon energy.

Such systems may become increasingly important as California addresses growing electricity demand associated with artificial intelligence, data centers, industrial development, transportation electrification, water systems, and critical infrastructure resilience.

The Authority recommends that the Commission recognize integrated hydrogen energy ecosystems as a distinct deployment pathway worthy of additional study.

VI. STATIONARY POWER APPLICATIONS SHOULD RECEIVE GREATER EMPHASIS

The Draft Staff Report appropriately discusses hydrogen combustion turbines and long-duration storage. However, the Authority believes stationary hydrogen applications deserve greater emphasis.

Hydrogen-fueled and hydrogen-capable fuel-cell systems offer important advantages, including:

- High efficiency;
- Modular deployment;
- Minimal criteria pollutant emissions;
- Rapid deployment capability;
- Grid resiliency benefits;
- Compatibility with microgrids; and
- Potential support for large-scale stationary loads.

As California continues to pursue increasingly aggressive reliability and decarbonization goals, fuel-cell-based generation may become an important complement to renewable generation, batteries, and conventional electric infrastructure.

VII. CALIFORNIA'S HYDROGEN ECONOMY CONTINUES TO ADVANCE THROUGH DIVERSE MARKET PARTICIPANTS



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The Authority encourages the Commission to recognize that California's hydrogen economy continues to advance through a growing collection of public-sector, utility, municipal, transportation, industrial, and private-sector initiatives.

While individual programs, funding opportunities, and market participants may evolve over time, the long-term drivers supporting hydrogen deployment remain unchanged, including:

- Electric system reliability requirements;
- Transportation decarbonization goals;
- Growing demand for dispatchable clean energy;
- Air quality improvement objectives;
- Energy security needs; and
- The rapid growth of electricity demand from emerging industries.

California's hydrogen future should not be viewed as dependent upon any single program, funding source, or organization. Rather, long-term success will be driven by diverse regional partnerships, public-private collaboration, commercially sustainable projects, and scalable market structures.

FPH₂ believes California's hydrogen market is maturing beyond demonstration projects and increasingly moving toward long-term commercial deployment supported by aggregated demand and integrated energy infrastructure.

VIII. RECOMMENDED ADDITIONS TO THE FINAL REPORT

FPH₂ respectfully recommends that the Commission consider expanding the final report to include discussion of:

1. Demand aggregation and long-term offtake mechanisms as critical enablers of hydrogen infrastructure investment;
2. Public-sector procurement strategies as a market development tool;
3. Regional hydrogen purchasing authorities and hydrogen market-making entities;
4. Co-located hydrogen production and consumption facilities;
5. Integrated hydrogen energy ecosystems supporting mobility and stationary power applications;
6. Hydrogen's role in supporting large-scale stationary power demands, including critical infrastructure, microgrids, industrial facilities, and data centers; and



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7. The importance of scalable market structures capable of creating long-term demand certainty.

CONCLUSION

The First Public Hydrogen Authority appreciates the California Energy Commission's leadership in evaluating hydrogen's role in California's clean energy future.

FPH₂ generally supports the report's conclusion that hydrogen can play an important role in transportation decarbonization, electric system reliability, long-duration energy storage, and other critical applications.

The Authority respectfully submits that the Draft Staff Report correctly identifies scale as essential to reducing hydrogen costs and enabling infrastructure investment. FPH₂ further submits that demand aggregation is the mechanism by which scale is achieved.

California's hydrogen future will depend not only on production technologies and infrastructure assets, but also on institutions capable of organizing demand, creating market certainty, reducing risk, and supporting long-term investment throughout the hydrogen value chain.

The First Public Hydrogen Authority was established for precisely this purpose.

FPH₂ looks forward to continued collaboration with the California Energy Commission, California Air Resources Board, local governments, transit agencies, utilities, infrastructure operators, and private-sector stakeholders to advance a practical, reliable, resilient, and economically sustainable hydrogen economy for California.

Sincerely,

A handwritten signature in black ink, appearing to be "JC", written in a cursive style.

Jason Caudle, CEO

First Public Hydrogen Authority

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