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FPH2 Comment â€” Clarification of Section IIB3e (Lifecycle GHG) for Hydrogen and Stationary Fuel Cells

First Public Hydrogen Authority (FPH2), a California Joint Powers Authority, respectfully submits the attached comments on the DEBA Round 2 Draft Solicitation (TN #270606).

FPH2 does not request a carve-out, waiver, or exception. We request only that Section II.B.3.e be clarified so that qualifying zero-emission stationary fuel cell configurations remain eligible where they satisfy the same lifecycle greenhouse gas standard applied to other Round 2 technologies.

Specifically, FPH2 asks the Commission to (1) confirm that stationary fuel cells fueled by qualifying zero-emission hydrogen are eligible under Round 2; (2) establish a documented compliance pathway using lifecycle accounting methodologies already in use by the state (LCFS, ARCHES hub certification protocols); and (3) clarify the treatment of natural gasâ€“fueled stationary fuel cells given their eligibility under adjacent CEC and CPUC programs (SGIP, CPUC microgrid programs, DGS procurements).

The request is consistent with the RAND report the Commission relied upon (CEC-500-2026-018, June 2026), which explicitly identifies fuel cells as most appropriate for backup power applications rather than utility-scale generation (p. A-20) â€” the exact use case DEBA is designed to fund.

Proposed clarifying language for Section II.B.3.e is included in Section 4 of the attached letter.

Respectfully submitted,
Jason Caudle, CEO
First Public Hydrogen Authority

Additional submitted attachment is included below.

July 15, 2026

California Energy Commission
Attn: Docket Unit, Docket No. 22-RENEW-01
715 P Street
Sacramento, CA 95814
Via email: docket@energy.ca.gov

Re: Docket No. 22-RENEW-01 — Proposition 4 Distributed Electricity Backup Assets (DEBA) Program, Round 2 Draft Solicitation (TN #270606). Comments requesting clarification of Section II.B.3.e (lifecycle greenhouse gas emissions) as applied to hydrogen and stationary fuel cell technologies.

Dear Commissioners and Staff:

First Public Hydrogen Authority (FPH_2) is a California Joint Powers Authority formed to develop clean hydrogen infrastructure that supports grid reliability and public agency resilience. We appreciate the Commission's work to implement Proposition 4 through the DEBA program and the care taken to align Round 2 with the bond's zero-emission requirements.

These comments are narrowly focused. We do not ask the Commission to revisit the analytical foundation of the Round 2 draft or to expand the program beyond its statutory scope. We ask only that Section II.B.3.e be clarified so that qualifying zero-emission stationary fuel cell configurations remain eligible where they meet the same lifecycle standard applied to other technologies. The request is technical, consistent with the RAND findings the Commission relied upon, and designed to preserve program integrity.

1. What we are asking for

We respectfully request that the Commission clarify Section II.B.3.e of the Round 2 draft solicitation to:

- Confirm whether stationary fuel cell systems fueled by qualifying zero-emission hydrogen (produced via electrolysis powered by renewable electricity, or

otherwise meeting a defined lifecycle standard) are eligible under DEBA Round 2;

- Establish a documented pathway or certification mechanism by which an applicant can demonstrate that a fuel cell configuration satisfies the lifecycle greenhouse gas standard, using the same evidentiary approach the Commission applies to other Round 2-eligible technologies; and
- Clarify the treatment of natural gas–fueled stationary fuel cells under Section II.B.3.e, given that these systems are currently funded or authorized under adjacent CEC and CPUC programs.

We are not requesting a carve-out, a waiver, or an exception. We are asking that the same lifecycle test be applied consistently and that the pathway to demonstrate compliance be made explicit.

2. Why this clarification is consistent with the RAND findings

The Commission's Round 2 approach draws on Assessing the Role of Hydrogen in California's Decarbonizing Electric System (CEC-500-2026-018, RAND, June 2026), prepared pursuant to SB 1075 (Skinner, 2022). We have read the report closely. Its conclusions are careful and use-case specific, and they support the clarification we request rather than a blanket exclusion of fuel cells from DEBA.

The RAND report distinguishes utility-scale generation from backup power

The report's findings on fuel cells are scoped to utility-scale wholesale generation. On backup applications the report is explicit:

> *"RAND met with a fuel cell OEM who did not provide a specific capital cost but agreed that FCs are most appropriate for backup power applications, not utility-scale wholesale generation." (CEC-500-2026-018, p. A-20)*

> *"Stationary fuel cells are options for niche applications but are not meaningfully pursued for utility-scale power generation today." (CEC-500-2026-018, p. A-20)*

DEBA is, by design and by statute, a backup and reliability program. The program's purpose under AB 205 (Ting, 2022) and the Round 2 draft is distributed backup

capacity that supports grid reliability during peak and emergency events — not utility-scale wholesale generation. The RAND report's fuel cell findings are directed at a use case DEBA does not fund.

The RAND report recommends caution on large capital investment, not exclusion of qualifying assets

The report recommends that California "pause large capital investments into hydrogen technologies" pending further analysis (p. 1) and identifies seasonal storage as a promising future role (p. 29). It does not recommend that the Commission disqualify zero-emission fuel cell configurations from a backup-focused reliability program where they meet the same lifecycle standard applied to batteries and other eligible resources.

A clarification pathway aligns Round 2 with the SB 1075 analytical framework

SB 1075 directed the Commission to develop an evidence base for hydrogen's role in decarbonization. That evidence base, as reflected in the RAND report, is nuanced. A clarification that establishes a documented compliance pathway is more faithful to the SB 1075 record than a categorical outcome that reads the record more broadly than its authors did.

3. Portfolio consistency: Section II.B.3.e and adjacent CEC/CPUC programs

As drafted, Section II.B.3.e applies a lifecycle greenhouse gas test that appears to disqualify stationary fuel cell configurations that are actively funded or authorized under adjacent California programs. This creates a cross-program inconsistency that we believe the Commission will want to resolve before Round 2 is finalized.

Natural gas–fueled stationary fuel cells

Natural gas–fueled stationary fuel cells (for example, Bloom Energy Server installations) are widely deployed at California public agency sites and are supported under:

- The Self-Generation Incentive Program (SGIP), administered by the CPUC, which provides incentives for fuel cell systems including natural gas–fueled configurations;
- CPUC microgrid incentive and resilience programs that treat fuel cells as eligible distributed energy resources; and

- Department of General Services (DGS) and state agency resilience procurements that have deployed fuel cell systems at state facilities.

If Section II.B.3.e is applied as currently drafted, DEBA would categorically exclude a technology that other California programs — including programs under this Commission's authority — treat as an eligible resilience asset. This is a portfolio-level inconsistency that warrants clarification, independent of any position on hydrogen fuel cells specifically.

Zero-emission hydrogen fuel cells
Fuel cells fueled by hydrogen produced via electrolysis powered by renewable electricity have a defined pathway to satisfy a lifecycle greenhouse gas standard. The evidentiary approach — documented feedstock, chain-of-custody, and lifecycle accounting — is analogous to the approach the Commission and CARB use in other programs (LCFS, SB 1505 pathways, ARCHES hub certification protocols). Round 2 does not need to invent a new methodology; it can reference the methodologies the state already uses.

4. Proposed clarifying language for Section II.B.3.e
To assist staff, we offer the following clarifying insert. It preserves the zero-emission intent of Proposition 4 and Section II.B.3.e while making the compliance pathway explicit. Additions in bold; the underlying prohibition on lifecycle greenhouse gas emissions is unchanged.

Existing language (paraphrased): *"Eligible technologies must not produce greenhouse gas emissions on a lifecycle basis."*

Proposed clarifying addition: *"For purposes of this Section, a stationary fuel cell system is eligible where the applicant demonstrates, using a lifecycle accounting methodology consistent with existing state programs (including but not limited to CARB's Low Carbon Fuel Standard pathway methodology and ARCHES hub certification protocols), that the fuel cell's fuel supply and operation result in zero net lifecycle greenhouse gas emissions. Applicants relying on this pathway shall submit documentation of feedstock source, chain-of-custody, and lifecycle emissions accounting sufficient for Commission staff review."*

This language does not weaken the lifecycle standard. It tells applicants how to satisfy it and gives staff a defined basis for review.

5. Why this approach benefits the Commission

- **Statutory alignment.** The clarification keeps Round 2 within the four corners of Proposition 4, SB 867 (Allen, 2024), and Public Resources Code §94510. Nothing in these authorities requires exclusion of qualifying zero-emission fuel cells; the lifecycle standard is preserved.
- **Consistency with the RAND record.** The clarification tracks what CEC-500-2026-018 actually says about fuel cell use cases and about the pace of hydrogen investment, rather than extending the report's findings beyond their stated scope.
- **Portfolio coherence.** The clarification resolves the inconsistency between DEBA Round 2 and SGIP, CPUC microgrid programs, and DGS resilience procurements — all of which currently treat fuel cells as eligible.
- **Applicant clarity.** A defined compliance pathway reduces application ambiguity, staff review burden, and the likelihood of post-award disputes.
- **Preservation of Round 3 policy space.** Broader hydrogen policy questions belong in the ongoing SB 1075 process and the 2026/2027 IEPR update. A narrow Round 2 clarification does not prejudge those larger questions.

6. About First Public Hydrogen Authority

FPH2 is a California Joint Powers Authority whose members are public agencies committed to developing clean hydrogen infrastructure that supports reliability, resilience, and decarbonization. We work with fairgrounds, districts, and other public agency sites that serve emergency-response, evacuation-center, and community-resilience functions during grid stress events. Our interest in DEBA is straightforward: many of the sites we work with have identified stationary fuel cell backup as a candidate technology, and we want to ensure the Round 2 solicitation gives those sites and the Commission a clear, consistent basis on which to evaluate eligibility. We would welcome the opportunity to provide additional technical details, share lifecycle accounting documentation, or meet with staff to discuss the proposed clarification.

7. Conclusion

The Commission has built Round 2 on a careful analytical record. The clarification we request is consistent with that record, preserves the zero-emission standard, resolves an inconsistency with adjacent programs, and gives applicants and staff a workable compliance pathway. We appreciate the Commission's consideration and are ready to support the process, however is most useful.

Sincerely,

Signed by:
Jason Caudle
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Attachments

- Lifecycle greenhouse gas accounting summary for hydrogen fuel cell configurations (available on request)
- Summary of adjacent California programs treating stationary fuel cells as eligible resilience assets

References

California Energy Commission, Assessing the Role of Hydrogen in California's Decarbonizing Electric System, CEC-500-2026-018 (RAND, June 2026).
Proposition 4 (2024); SB 867 (Allen, 2024); Public Resources Code §94510.
SB 1075 (Skinner, 2022); AB 205 (Ting, 2022).
DEBA Round 2 Draft Solicitation, TN #270606, Docket No. 22-RENEW-01.