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Comments for DEBA draft solicitation 7-26

Air Products appreciates the opportunity to provide the attached comments to the draft soliciatation

Additional submitted attachment is included below.

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July 15, 2026

Deana Carrillo
California Energy Commission (CEC)
Docket Unit, MS-4
Docket No. 22-RENEW-01
715 P Street
Sacramento, California 95814

RE: Air Products' Comments – Draft Solicitation for the Proposition 4 Distributed Electricity Backup Assets (DEBA) Grant Program

Dear Ms. Carillo:

Thank you for the opportunity to comment on the Draft Solicitation for the Proposition 4 Distributed Electricity Backup Assets (DEBA) Grant Program (draft solicitation) and associated workshop. Air Products supports the role of distributed resources as a key element of energy reliability and resiliency for California.

Energy diversity is critical to bolstering grid reliability and resiliency in California, and it is therefore important to support a wide array of clean and distributed resources, including fuel cells and other clean generation equipment that consume fuel. We urge the CEC to ensure that in the final solicitation, fuel cells, linear generators and fuels producing zero carbon dioxide ($CO_{2)}$ emissions at the point of power production are eligible under the program.

About Air Products

Air Products is a the only United States-based global 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.

CEC should clarify that fuel cells and linear generators are eligible technologies under the program

Proposition 4 committed $50 million to CEC "for grants or loans to support the Long-Duration Energy Storage Program. Eligible uses may also include zero-emissions distributed energy backup assets, virtual power plants, and demand side grid support."[1] Subsequently, Senate Bill (SB) 105 appropriated $46 million for DEBA, specifically requiring the following:

> The funds appropriated in Schedule (1) shall be used for the Distributed Electricity Backup Assets Program, consistent with Section 94530 of the Public Resources Code, to provide

[1] Public Resources Code Section 94530.

> project funding and to fund ongoing incentives exclusively for new clean microgrids, or new non-residential or aggregated residential distributed clean energy and storage projects. Projects receiving federal funding that support critical infrastructure, such as water utilities, shall be prioritized and expedited for funding only if that federal funding is secure and in place.

Accordingly, we urge CEC to explicitly include fuel cells and linear generators as eligible technologies in the final program guidelines. Clean, distributed resources such as fuel cells and linear generators are clearly eligible under both sets of statutory requirements, including as potential elements of virtual power plants under Proposition 4 or clean microgrids under SB 105. CEC should also consider fuel cells and linear generators as eligible zero-emissions backup assets. Similarly, before SB 1350 (McNerney) made hydrogen-fueled power plants eligible under the State's Renewable Portfolio Standard (RPS) program, fuel cells—and next linear generators—using renewable fuels were eligible to generate renewable energy credits. Finally, fuel cells and linear generators were explicitly eligible under the First Edition of the DEBA Guidelines. Nothing in Proposition 4 or SB 105 requires CEC to change that interpretation.

Fuels that produce zero CO_2 at the point of power production should be eligible

Similarly, nothing in Proposition 4 or SB 105 restricts the use of fuels, especially those that generate zero carbon emissions at the point of power production. Indeed, while zero emissions resources have not been formally defined under SB 100, the SB 100 Joint Agency Report notes that:[2]

> SB 100 does not define "zero-carbon resources," and the state had no legal definition before the bill becoming law. The joint agencies interpreted "zero-carbon resources" to mean energy resources that either qualify as "renewable" in the most recent RPS (Renewables Portfolio Standard) Eligibility Guidebook or generate zero greenhouse gas emissions on site.

Fuels, including hydrogen, should be eligible under the program as potential elements of virtual power plants or clean microgrids. Based on the prevailing interpretation of zero-carbon resources pursuant to SB 100, they should also be eligible as an element of zero-emissions distributed energy backup assets, provided they are used in a fuel cell or linear generator. This should be true regardless of how the fuel is produced. Just as batteries are considered zero-emissions based on their on-site emissions performance, regardless of the source of the electricity they store, fuel cells that produce power with comparable on-site emissions performance should likewise be considered zero-emissions, regardless of the source, or "color," of the hydrogen they use. The first edition of the DEBA guidelines restricted the use of diesel generators, regardless of fuel source, but did not restrict fuels otherwise. There is no reason CEC should change its approach for this iteration of the program.

Accordingly, we urge CEC to explicitly include hydrogen, of any color, as an eligible fuel in the final program guidelines. We also request CEC delete the following from the list of ineligible technologies in the draft solicitation:

> e. Distributed generation technologies that i) generate electricity by converting chemical fuel at or near the point of use and ii) are not zero-emissions (including during fuel production/transport/storage or power generation)

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[2] Gill, L., Gutierrez, A., and T. Weeks (2021) 2021 SB 100 Joint Agency Report, Achieving 100 Percent Clean Electricity in California: An Initial Assessment, California Energy Commission.

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

Respectfully,

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