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Docket 22-ERDD-03 Response_StratosFuel

Additional submitted attachment is included below.

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CEC Large-Scale Centralized Production Draft Solicitation Concept Comments

1. Are the Project Elements in Section 4 of this document realistic, reasonable, and feasible? – All of the project elements listed in Section 4 are reasonable and achievable. They adhere to the goals and guidelines of a large-scale hydrogen project. As a recommendation, there should be an element under the 12-month demonstration period that required a specific percentage of production capacity to be demonstrated in real world use. This can include hydrogen being stored and loaded onto trucks for mobility or fuel cell applications.

2. What would be the appropriate level of project funding that would leverage private investments associated with the work proposed in this draft concept and why?
a. ***How would limiting the use of grant funds to Eligible Project Costs in Section 3 impact the project? What changes do you recommend, and why?*** – Projects that are within the 5-ton range have a cost of over $50M, not including land. Total project cost will exceed the required 50% match commitment. Based on this, the maximum award of $15M is reasonable in the sense that it will allow project to not only meet the match share commitment but also mitigate the CEC's risk for cost overruns.

As for the use of funds, restricting 80% of requested funding for equipment limits the project and some of the upfront expenses. A large portion of project costs go into engineering, design, and sitework before any equipment is ordered. A reasonable approach would be to allow up to 50% of requested funds to be used for engineering, design, and sitework, with the other 50% being for equipment.

3. Is the requirement for spending in California (50% minimum, preference points for spending over 50% in California) feasible? – This is reasonable in the context of engineering, construction, and development. Most of the hydrogen production, and compression equipment is manufactured outside the State of California. Being that 80% of CEC funds will need to go toward equipment, this will be difficult to achieve, unless companies are able to create joint ventures within California to fulfill the buildout of the project.

4. Provide any feedback on the two-phase solicitation approach. Is the 1-month abstract deadline and 3-month full application deadline realistic? – The proposed timeline for the two-part solicitation is reasonable and achievable. Because of the length of time large scale hydrogen production projects take to develop, anything longer than 4-months will be taking away time from projects.

5. Is four years a feasible project timeline?

a. ***If grant awardees were CEQA-ready (see CEQA in Section 4) but need to obtain regulatory approvals, permitting, and zoning during the project, is a 4-year timeframe feasible for completion? If not, what is the recommended term for a funded project?*** – Assuming CEQA is approved upon submittal, four years for project completion is achievable, though with the development of additional feedstock sources and connection to California grid, this timeline may be pushed back. Receiving approval to connect projects 10MW+ to the grid takes more than 2 years depending on utility provider. Based on this a 4-5-year project timeline is reasonable for completion.

Sincerely,

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StratosFuel, Inc