

**DOCKETED**

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*Comment Received From: Jack Walter  
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## **Valta Energy Comments on Draft Solicitation**

See attached letter.

*Additional submitted attachment is included below.*



October 27, 2023  
California Energy Commission  
715 P Street  
Sacramento, CA 95815

RE: Draft Solicitation Concept for Distributed Clean Hydrogen Production with Onsite End Use (H2ONSITE)

Dear California Energy Commission Staff,

Valta Energy appreciates the opportunity to provide our input on the Draft Solicitation Concept for Distributed Clean Hydrogen Production with Onsite End Use, as part of the Energy Commission's Clean Hydrogen Program.

Valta Energy (Valta) is a renewable energy company founded in California in 2009 that specializes in developing community solar and green hydrogen projects in California, Massachusetts, New York and Hawaii. Valta is unique in being a vertically integrated solar company that manages the entire project design, build and management cycle for projects averaging 5 Megawatts (MW's) are smaller that are perfectly fitted for California community solar projects. Today Valta manages over 200 MWs of projects and has over 600 MWs of projects in development in California and across the country. This includes over 100 MW's of community solar projects in California in partnership with various partners. In alignment with its expertise in renewable energy, Valta is dedicated to advancing the deployment of distributed electrolytic hydrogen production. The company has allocated significant resources towards staffing dedicated personnel, who work in synergy with its extensive and well-organized back office, which is specifically tailored for renewable energy project development. This commitment to hydrogen expertise was underscored last summer when Valta secured a Use-Permit for its pioneering renewable hydrogen production and on-site end-use project in a city within California's Central Valley.

In response to the draft solicitation concept for Distributed Clean Hydrogen Production with Onsite End Use, Valta respectfully provides the following feedback to staff's questions raised:

1. Are the Project Elements in Section IV of this document realistic, reasonable, and feasible?

Within the project elements and objectives of the solicitation, we encourage the CEC to prioritize demonstration of capacity to produce one to five metric tons per day as a grading criterion, as opposed to actual production. Production is primarily driven by demand, which can fluctuate based on many factors. Projects should be graded on the ability and capacity to meet the range of potential demands.

On the water use requirements, Valta supports limit water consumption to 9- 13.5 kilograms of water per kilogram of hydrogen produced. However, we have concerns with limiting water

sources to those not intended for non-human consumption. Our current projects under development currently use potable city water, and this restriction limits the scope of project locations, and adds unnecessary barriers to projects. The projected consumption for our projects is quite small compared to other industrial and commercial activities, and we have actively secured permits to operate using potable water. Importing water from other locations to comply with this requirement is cost prohibitive and simply takes it away from other beneficial uses (including agriculture, navigation, and recreation). We respectfully request that this requirement be removed.

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 III impact the project? What changes do you recommend if any, and why?

The cost share requirement of 50%, similar to other CEC solicitations, is sufficient to provide the necessary incentives to help projects overcome high upfront costs and equipment purchases, while also leveraging private investments. Additional match above this requirement should also be rewarded. Regarding Eligible Project Costs, we have concerns with the proposed limits on funds spent in California and equipment. Specifically, with the requirement that 65% of funds be spent on equipment, and that 50% must be spent in California, there is a concern that this overlap will be problematic due to the lack of equipment availability in state. Many of the components and necessary equipment don't exist at a sufficient scale or cost in California, requiring procurement from other states. It will be challenging to meet both of these requirements at the current levels, and we suggest the CEC consider adjusting one or both. Valta intends to maximize funding spent in California to the extent feasible for any project, but the entire industry is constrained by what is available.

3. Provide any feedback on the two-phase solicitation approach. Are the 1-month abstract deadline and 3-month full application deadline realistic?

Valta strongly supports the proposed two-phase solicitation approach. This allows for initial review and feedback on projects prior to investing the significant time and resources a full proposal requires. In terms of the timelines, 1-month and 3-month windows is sufficient. Projected timelines for the release of the solicitation and deadlines will need to be clear to ensure that projects can adequately achieve site control and environmental review.

Valta appreciates the opportunity to support and provide input on CEC's new Clean Hydrogen Program and the H2ONSITE draft solicitation and look forward to continuing to work with the CEC and other stakeholders to establish the program and accelerate clean hydrogen production and use in the state.

Sincerely,

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