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**World Energy's Comments on the SB 643 Inaugural Assessment
Draft Staff Report Workshop**

Additional submitted attachment is included below.



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October 30, 2023

Melanie Vail, Deputy Director
Fuels and Transportation Division
California Energy Commission
715 P Street
Sacramento, CA 95814

RE: Comments on the October 16, 2023, Senate Bill (SB) 643 Inaugural Assessment Draft Staff Report Workshop

Dear Deputy Director Vail,

World Energy would like to thank the California Energy Commission for their presentation during the October 16, 2023, SB 643 Inaugural Assessment Draft Staff Report Workshop, and the opportunity to provide comments. The SB 643 Assessment will be a valuable tool in understanding the hydrogen fueling infrastructure and production needed to support California's deployment goals for medium- and heavy-duty zero-emission vehicles.

World Energy is one of the largest and longest-serving advanced clean energy suppliers in North America. It is one of the country's largest producers of renewable diesel. World Energy was the first commercial producer of sustainable aviation fuel (SAF) produced at our facility in Paramount, CA. Our Paramount facility is also in the final stages of conversion from a petroleum refinery to a 100% renewable fuels bio-refinery. Additionally, we will continue our leadership in providing clean energy produced in California through our on-site hydrogen production plans at our Paramount facility and collaborating with ARCHES consortium.

While the SB 643 Assessment will provide valuable data needed to understand the status of MDHD ZEV deployment and the associated infrastructure and fuel production, a gap remains in understanding how the state will meet the targets set forth in Advanced Clean Trucks, Advanced Clean Fleets, and Executive Order N-79-20.

World Energy encourages the CEC to include the pivotal role of policy and policy recommendations within the SB 643 Assessment, as they will be critical to reaching state's MDHD FCEV goals. Without the inclusion of supportive policy, the Assessment may fall short in understanding California's potential to deploy MDHD FCEVs.

Despite high demand for hydrogen in MDHD and other applications, there is an insufficient supply of hydrogen, resulting in high costs and potential for vehicles to remain without fuel. Any current market assessment will show there is a limited market for MDHD FCEV because manufacturers have concerns about the supply of hydrogen, and therefore lack the confidence to sell FCEV vehicles. Due to lack of vehicles on the road, there is insufficient investment into delivery or fueling infrastructure. Establishing a consistent supply of hydrogen will be the key to unlocking California's hydrogen market and overcoming these barriers. Knowing that there will be an adequate supply of hydrogen for their customers to fuel up will instill confidence in manufacturers to deploy FCEVs at scale.

Reaching the supply to fuel the hydrogen demand will not be achieved without supportive policy signals. In the near-term, policy signals should value the immediate, low-cost solutions that hydrogen will provide to decarbonize the economy. For instance, supportive policy for biogenic SMR hydrogen is a necessary steppingstone to reach economies of scale and therefore, reduce the price of hydrogen. World Energy is working to invest in the green hydrogen of the future, but the economics of green hydrogen are still challenging. Growing the supply of hydrogen to a fulcrum point will increase demand, thereby making investment decisions in electrolysis possible. While this investment cycle starts with biogenic SMR hydrogen, as the supply and demand grow, so will the ability for companies like World Energy to invest in ever-lower-carbon production.

Additional policy signals the CEC should consider within its Assessment include environmental credits for lower carbon hydrogen in the industrial sector or grid augmentation, funding opportunities for biogenic SMR hydrogen, increased infrastructure support, and permitting assistance.

World Energy thanks the CEC for their early work on the SB 643 Assessment and for the opportunity to comment. We look forward to continuing to engage and provide feedback during the development of the SB 643 Assessment.

Sincerely,

Joe Ran
Vice President, Business Development and Innovation