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FirstElement Fuel comments on CTP

Please find FirstElement Fuel comments on CTP proposed funding distribution.

Additional submitted attachment is included below.

FIRSTELEMENT FUEL
FirstElement Fuel Inc. | 5281 California Ave, Suite 260, Irvine, CA 92617 | 949-205-5553

October 21, 2024

Mr. Benjamin Tuggy
California Energy Commission
715 P Street
Sacramento, CA 95814

Subject: Revised Staff Draft Report *2024-2025 Investment Plan Update for the Clean Transportation Program*

Dear Mr. Tuggy and CEC Staff,

Thank you for your continued work to support zero-emission infrastructure and vehicles. As you know, FirstElement Fuel (FEF) is the largest retail, light-duty (LD) hydrogen refueling station (HRS) provider in California and the United States due to the support of the California Energy Commission (CEC). We are also the designer, owner and operator of the largest, fast-fill, high-capacity heavy-duty (HD) truck HRS at the Port of Oakland, thanks to the CEC's support of the NorCal Zero project. And finally, we are proud members of the Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) and will be building stations throughout California as part of the ARCHES program. It is with this experience and perspective that we offer the following comments on the subject Investment Plan.

<u>Hydrogen and Electric Funding Parity</u>

The proposed funding distribution for electric charging for light-duty (LD), medium-duty (MD) and heavy-duty (HD) infrastructure totals $78.2M whereas the funding for all hydrogen refueling infrastructure is $15M. This over 5 times disparity does not comport with the scale of the challenge and even the CEC staff's own estimates of fuel cell vehicle population of 63,000 in 2029[1]. Other state agencies also predict a much greater number of needed stations for MD and HD as shown in the Table below compiled from the CEC's own Senate Bill 643 report[2].

Combined MHD Hydrogen Stations

Agency/Plan	2025	2030	2035
CARB / Scoping Plan	47	577	1,797
ARCHES	12	66	117
CTC / SB 671	28	601	2,157
CEC / AATE3	0	1	11

The large difference in stations indicates a fundamental disagreement in vehicle rollout forecasts amongst the agencies. This disagreement, however, is having a significant effect in further investment by both the vehicle manufacturers and station providers since the CEC is the primary agency administering funding for H2 infrastructure. We urge the CEC to re-evalutate the required number of stations by working with the other state agencies to come up with a unified California demand scenario.

[1] Staff presentation at October 1, 2024 Advisory Committee for the Clean Transportation Program Investment Plan.
[2]https://efiling.energy.ca.gov/GetDocument.aspx?tn=254100, Tables 6, 8, 10 and 12

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Shell Turnback Funds

We urge the CEC consider using the returned Shell award for its intended purpose, namely LD HRS. We recognize and applaud the CEC for issuing GFO-24-601 to further bolster the LD network, however, the maximum awards under this GFO are $15M compared to the Shell returned funds of $41M. The remaining funds could be used to offset the increased costs for HRS or make the awarded but unbuilt stations medium-duty (MD) ready. We estimate that the next 11 stations for which we have already purchased equipment will cost approximately $2M per station to increase storage capacity, adapt refueling dispensers and protocols, improve cryopump controls and adjust for increased construction costs.

In conclusion, we urge the CEC to provide more equitable funding for hydrogen infrastructure with electric infrastructure. All other state agencies appear to have greater projections of needed HRS. We also urge CEC to further commit to the LD/MD market by using the Shell turnback funds to expand this infrastructure. CEC has been the leader in ZE infrastructure support, and we look forward to working with the Commission to continue transitioning the transportation sector to battery and hydrogen zero-emission vehicles.

Sincerely,

Matt Miyasato, Ph.D.
Chief Public Policy & Programs Officer