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Docket Number:	15-OIR-02
Project Title:	Modification of Alternative and Renewable Fuel and Vehicle Technology Program Funding Restrictions
TN #:	204705-4
Document Title:	Air Liquide's Response to 3103 Regulation Questions
Description:	N/A
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Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	5/22/2015 3:59:31 PM
Docketed Date:	5/22/2015

ARFVTP: 3103 Regulation Response Form

1. What are the possible impacts for your project with the credit discount provision and the timeframe for when you expect to generate credits.

Air Liquide plans to receive approximately 85 percent State funding for its hydrogen-fueling stations at LAX, Anaheim and Palo Alto. Air Liquide anticipates generating LCFS credits at its three stations during the years 2015 to 2018. As a result of the credit discount provision in Section 3103(b), Air Liquide will receive only about 85 percent of the value of those credits, to the extent that they are generated during the term of the State contract for each station. At current credit prices, the credit discount provision will cost Air Liquide a substantial amount.

2. We would also like to provide you the opportunity to provide a statement for our record.

The rollout of hydrogen-fueling stations is a financially risky enterprise. There are few reliable data regarding the number of hydrogen-fuel-cell cars that will be in circulation at any specific time, or where those cars will circulate or buy fuel. The State's grant programs help to reduce the risks inherent in constructing and operating a hydrogen-fueling station, but these projects are nevertheless very risky. Section 3103, the credit discount provision, provides some marginal reduction in risk for hydrogen fueling stations. As such, it promotes the State's goal of rapidly expanding the hydrogen-fueling infrastructure, and it costs the State, and consumers, nothing. To the extent that the CEC proposes changes to Section 3103, it should allow regulated parties to claim the full amount of generated credits, without regard to the proportion of State funding, thus increasing the incentive to build hydrogen-fueling stations and accelerating the deployment of an environmentally beneficial technology.