

DOCKETED

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On Hydrogen Refueling Infrastructure Alternative Funding Mechanisms

Additional submitted attachment is included below.

December 22, 2017

California Energy Commission
Docket Office, MS-4
1516 Ninth Street
Sacramento, CA 95814

Re: Docket No. 17-HYD-02, Hydrogen Refueling Infrastructure Alternative Funding Mechanisms

Dear CEC Administrator –

As leading Industry stakeholders, we appreciate this opportunity to share our thoughts concerning the next CEC grant funding opportunity (GFO). We believe that the immediate opportunity for CEC to accelerate infrastructure investment is to create market and investment certainty through the creation of a scalable multi-year funding program in concert with establishing a network approach to multiple station awards.

Multi-Year Program Changing the state support for hydrogen infrastructure to a durable and scalable program with multi-year certainty is the key next step to encourage private investments. Now is the time to pivot to a funding structure supporting early progress toward commercial viability through sustained scale in implementation. This approach helps industry even with the recognition that funding will be distributed over several years as it becomes available.

Network Approach Under this approach, station developers propose their own holistic networks for consideration by the CEC, which take into consideration OEM market location recommendations and supply chain logistics to offer up an efficient network of hydrogen fueling stations. Such a process would enable station developers to leverage cost reductions due to integrated and scalable production and supply chain efficiencies while best enabling existing station and supply infrastructure in the state. This also allows station developers flexibility to negotiate and make changes in station locations should the need arise.

Employing this combined multi-year program and network approach can

- enable buildout at scale
- incentivize competition among applicants
- reduce cost per kilogram for station developers
- reduce per station or per capacity cost to the state
- support vehicle introduction and state emission reduction goals and
- more effectively leverage the \$20 million annual allocation within the ARFVTP program

It is important to note that the next GFO from the CEC will not achieve commercial viability on its own – progress toward creating viable market conditions in other areas of stable and scalable incentives will be needed – but a change to support for a multi-year program at scale in the next GFO is an important step to provide market and investment certainty.

The detailed recommendations on changes to the next solicitation and how, with other complementary policies, it can enable a commercially viable hydrogen economy are beyond the scope of this letter. Moving to a multi-year hydrogen station network funding award that allows the scale up of stations to be planned in a shorter time frame will require significant changes in the solicitation and its scoring. We respectfully request that the CEC hold a follow up workshop on these topics which will provide industry stakeholders the opportunity to provide detailed input on these concepts.

As discussed at the recent Evaluation Criteria for Hydrogen Refueling Stations workshop, the proposed scoring criteria and weightings by CEC are highly dependent upon the broader context of the program (for example, the multi-year funding and network approach). Therefore, industry stakeholder comments on evaluation criteria will need to be developed following the proposed January 2018 workshop regarding the next GFO framework.

Thank you for your consideration.

For further information on this proposal, please contact the company representatives listed below.

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