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*Comment Received From: FirstElement Fuel Inc.  
Submitted On: 2/22/2019  
Docket Number: 18-HYD-04*

**On Draft Solicitation Concepts for Light-Duty Hydrogen Refueling Infrastructure**

*Additional submitted attachment is included below.*



California Energy Commission  
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Re: Docket No. 18-HYD-04, Draft Solicitation Concepts for Light-Duty Hydrogen Refueling Infrastructure

Dear CEC Administrators,

FirstElement Fuel Inc. is pleased to have an opportunity to respond to the Draft Solicitation Concepts for Hydrogen Refueling Infrastructure. FirstElement is looking forward to responding with an application once the formal Grant Funding Opportunity is released.

Following the last two robust grant solicitations that under PON-13-607 enticed 61 applications and under GFO-15-605, 72 applications. The results have been an increased number of hydrogen stations open to the public, an expansion of the hydrogen station network, and a dramatic reduction in the dollars invested by the CEC per installed capacity of retail hydrogen fueling. After successful acceleration in growth and performance improvements in the buildout of hydrogen stations, the majority of the hydrogen community asked the Energy Commission to rethink the structure its hydrogen refueling infrastructure solicitation to adapt to the improved market conditions and learnings that have taken place over the past several years. On this front, FirstElement Fuel wishes to congratulate the CEC for putting forth draft solicitation concepts that very accurately capture the industry asks.

Based on our experience in receiving Energy Commission grant dollars and successfully putting them to work to build hydrogen stations throughout the State of California, and a very successful partnership with the Energy Commission, FirstElement Fuel suggests the following considerations to the Draft Solicitation Concepts. We hope that you will consider adopting these recommendations into the draft solicitation to be incorporated into the formal Grant Funding Opportunity that is released later this year.

**FirstElement Fuel's Recommendations in Response to the Draft Solicitation Concepts:**

1. We recommend that the awardee be able to incur Match and Reimbursable expenses for the entire tranche (all batches) from the date of the first NOPA. However, we do understand and support that reimbursement cannot be requested for any batch until all Critical Milestones in that batch have been met.

Our rationale for this recommendation is as follows:

If our tranche is 10 stations = 2 batches of 5 stations, we would intend to order and place down payments and progress payments on 10 sets of equipment from the start (or at a minimum, well in advance of the completion of the 1st batch). That way, the equipment can be in queue for production and we can achieve some cost reduction through a larger order and economies of scale.

However, if we have to wait until the 2nd batch is approved to incur match or reimbursable costs, we will be faced with either (a) losing the ability to claim previously committed funds, or (b) having to wait to place a firm order on equipment which will result in slower equipment production and increased cost from a piece meal order.

2. We recommend expediting the release of the GFO and shortening the period of time to respond (for example, 30 days should be plenty of time between the release of the GFO and the application due date).

Our rationale for this recommendation is two-fold:

First, it is imperative that hydrogen stations get built as soon as possible so that automakers can stay on pace with the rollout of fuel cell vehicles in California. Today FirstElement's stations are strained by both queuing and the ability of the station equipment to keep up with demand, so we are seeing the need for an accelerated buildout of stations on the ground daily.

Second, station developers have been actively involved in workshops for the draft solicitation concepts and have seen past solicitations for light-duty hydrogen infrastructure so that we are familiar with the information that will be required. Therefore, we believe that applicants should be prepared to respond quickly.

3. We recommend that Landfill Gas be allowed to qualify as a renewable fuel. In today's embryotic market it is better to have more tools available to hydrogen retailers to meet the State's renewable hydrogen mandate. It is also preferable to have consistency across the California's agencies for what qualifies as renewable, that way there is consistency which helps in the case of long-term contracts that have been established for supply of Hydrogen.

If other renewable sources are preferred over Landfill Gas, we would urge the Energy Commission to consider encouraging the preferred sources through scoring criteria or other

incentives, rather than disallowing Landfill Gas. FirstElement would also like to note that the Low Carbon Fuel Standard's CI score for Landfill Gas is less favorable than that of other renewable feedstocks, and that therefore there is already a strong market mechanism to favor other renewable feedstocks over Landfill Gas.

4. We recommend that the single applicant cap be increased to 45%. At FirstElement Fuel we recognize the important of creating a healthy retail hydrogen market with multiple players. However, with few proven players in the market today, we believe the Energy Commission should retain flexibility to award more of the total funding to stronger applicants, especially over a multi-year tranche.
5. The draft solicitation concept currently requires that the awardee keep notes from all meetings with jurisdictions during the development of an awarded hydrogen station. FirstElement recommends that this requirement be relaxed as it represents a fairly significant administrative burden to the awardee.

If the Energy Commission decides to keep this requirement in the GFO, then we recommend that there is a process for the notes to be kept confidential. The rationale for this is that many of our approaches to permitting are proprietary and we would not want them shared with competitors.

6. The draft solicitation concept currently requires that all stations from batch 1 have an approval to build in 18 months in order to receive funds for the 2<sup>nd</sup> batch of stations. If our tranche is 10 stations = 2 batches of 5 stations, we would like to understand what happens if one of our 5 stations from our first batch takes longer than 18 months before it receives an approval to build, and recommend that the CEC consider having a process to deal with this potential scenario.
7. We recommend that the Energy Commission retain an ability to place a cap on the capacity of stations that are in remote locations, as some Connector and Destination stations may be. With the new HRI program in place through the CARB, applicants could potentially attempt to game the system by building a large capacity station where it is easy to do so, but perhaps not needed, with the intention to collect LCFS credits even though hydrogen sales will be low. For example, Connector or Destination stations may have sufficient space for an applicant to respond to the incentives for cost-effective capacity with many fueling positions, while customer demand at the location does not warrant the capacity.



We wish to express our thanks to the Energy Commission for running an effective workshop process and affording us the opportunity to comment on the draft solicitation. We look forward to seeing and responding to the Grant Funding Opportunity as soon as it goes live.

Sincerely,

Dr. Shane Stephens  
Founder and CDO  
FirstElement Fuel Inc.