

DOCKETED	
Docket Number:	21-ESR-01
Project Title:	Resource Planning and Reliability
TN #:	259843
Document Title:	Tim McRae Comments on CA Hydrogen Business Council comments
Description:	N/A
Filer:	System
Organization:	Tim McRae
Submitter Role:	Public
Submission Date:	11/1/2024 11:26:53 AM
Docketed Date:	11/1/2024

Comment Received From: Tim McRae
Submitted On: 11/1/2024
Docket Number: 21-ESR-01

CA Hydrogen Business Council comments

Additional submitted attachment is included below.



November 1, 2024

Commissioner Noemi Gallardo
California Energy Commission
Docket No. 21-ESR-01
715 P Street
Sacramento, CA 95814

Re: Fuel cells running on Hydrogen and eligibility for RPS under latest proposed RPS
Guidebook update

Dear Commissioner Gallardo and Commission:

The California Hydrogen Business Council (CHBC) is writing to express concerns regarding the proposed changes in the upcoming update to the Renewable Portfolio Standard (RPS) Guidebook. Specifically, we would like to address the implications of Assembly Bill (AB) 1921 as cited in Chapter 2.D, which suggests that the bill “removes the eligibility of fuel cells ‘using renewable fuels,’ which effectively eliminates the eligibility of fuel cells using hydrogen gas.” This interpretation is inconsistent with the legislative intent of AB 1921.

The CHBC is the longest established and largest hydrogen trade association in the United States, comprised of 120 companies, agencies, and individuals involved in the business of hydrogen. Our mission is to inform policymakers and stakeholders on the substantial benefits of hydrogen and support the commercialization of hydrogen and fuel cells in the energy and transportation sectors to achieve California’s climate, air quality, and decarbonization goals.

Public Resources Code 25741(a)(1) defines a mix of technologies, feedstocks, or resources that qualify under the RPS. The statute does not prescribe a specific manner in which these resources must be used. For instance, biomethane and biomass are commonly combusted to create steam to spin a turbine, but this is not a mandated requirement. Following this same logic, hydrogen produced from those same eligible resources (through reformation, pyrolysis,

or other advanced production pathways) should qualify under the RPS when used in fuel cells or linear generators.

More specifically, Section 25741(a)(1) provides as follows:

(a) “Renewable electrical generation facility” means a facility that meets all of the following criteria:

(1) The facility uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells or linear generators using fuels described in this paragraph that otherwise meet the requirements of this subdivision, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology.

When a facility generates electricity from hydrogen that is produced from one of the fuels listed in Section 25741(a)(1), it is using that fuel to produce electricity. Indeed, any different interpretation would unnecessarily reduce demand for these renewable fuels, even as it unnecessarily undermines the emerging hydrogen industry. The effect would be to burden residents of environmental justice communities by eliminating an opportunity to reduce emissions at the point of combustion, while unreasonably limiting alternatives for energy consumers to reduce emissions.

For electrolytic hydrogen production, the RPS already has requirements for regional deliverability, time matching, and additionality and electrolytic hydrogen should not be held to a differential standard than the grid and other renewable resources.

The CEC’s position, expressed in the Assembly Appropriations analysis, states, “The Energy Commission contends a linear generator using renewable fuel seems already to qualify as an RPS-eligible electricity generating facility. It is, therefore, not clear why the RPS statute needs to be updated to include specific technologies an RPS-eligible facility may use.”

The intent of AB 1921 was to expand its scope to include linear generator technology; it was not to disqualify hydrogen derived from RPS-eligible resources. Therefore, the CEC’s

interpretation and the eligibility criteria within the RPS Guidebook should remain consistent with the broader framework of RPS eligibility.

We urge the CEC to preserve the eligibility of renewable hydrogen derived from RPS-eligible resources. Eliminating the use of qualified renewable hydrogen would disrupt existing operational projects, projects in the process of financial investment decisions, and future fuel cell initiatives. This would also undermine the intent of AB 1921 and hinder California's broader decarbonization and environmental goals.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim McRae'.

Tim McRae

Vice President for External Affairs

California Hydrogen Business Council

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