



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking Regarding
Policies, Procedures and Rules for the Self-
Generation Incentive Program and Related
Issues.

Rulemaking 20-05-012
(Filed May 28, 2020)

**REPLY COMMENTS OF THE CALIFORNIA HYDROGEN BUSINESS COUNCIL ON
PROPOSED DECISION REVISING SELF-GENERATION INCENTIVE PROGRAM
RENEWABLE GENERATION TECHNOLOGY PROGRAM REQUIREMENTS AND
OTHER MATTERS.**

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May 24, 2021

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I. Introduction

The California Hydrogen Business Council (CHBC)¹ provides these reply comments in response to parties’ May 19, 2021 opening comments² on the April 29, 2021 Proposed Decision (PD) Revising Self-Generation Incentive Program (SGIP) Renewable Generation Technology Program Requirements and Other Matters (“the PD”), according to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure.

¹ The CHBC is comprised of over 120 companies and agencies involved in the business of hydrogen. Our mission is to advance the commercialization of hydrogen in the energy sector, including transportation, goods movement, and stationary power systems to reduce emissions and help the state meet its decarbonization goals. **The views expressed in these comments are those of the CHBC, and do not necessarily reflect the views of all of the individual CHBC member companies.** CHBC Members are listed here: <https://www.californiahydrogen.org/aboutus/chbc-members/>

² Unless otherwise noted, all citations herein are in reference to the 21 parties’ opening comments.

II. Summary of Reply Comments

The CHBC replies are in response to the unsupported proposition that directed biogas projects must be prohibited and in agreement with the proposition to remove the term “dedicated” for pipeline delivery of eligible SGIP renewable hydrogen. Eligible SGIP renewable hydrogen should not be narrowed to the point of prohibition, so that proven methods of decarbonization are discontinued and climate goals are not met. Further, requiring eligible SGIP renewable hydrogen be delivered through a nonexistent pipeline system, when the requirements of biogas are far less stringent, would be another route towards effectively terminating a successful decarbonization tool. The CHBC respectfully submits the following reply comments.

a. Reply to Public Advocates Office’s Proposal to Prohibit Directed Biogas Projects within the SGIP Program

The Public Advocates Office’s claim that the Commission committed “legal error” by permitting directed biogas projects within California, and therefore directed biogas should be prohibited,³ offers no relevant evidence to support this categorization of the Commissioner’s Decision in R.20-05-012.

First, the “Findings of Fact” statements referenced to support the argument that biogas projects create unjust and unreasonable rates do not relate to rates. Instead, “Findings of Fact” numbers 6-10 identify the greenhouse gas reduction benefits of biogas projects and notes the possibility that SGIP projects in California could lack access to biofuels if not limiting SGIP eligible biofuels to those located in California.⁴ Second, the “shortcomings” the Public Advocates Office identified in directed biogas projects came from D.20-01-021, where the Commission found that in 2017, “a small increase in GHG impacts” were due to biogas contracts expiring⁵, but the issue could be resolved by “limiting SGIP generation projects to those with a 10-year contract for biogas supply.”⁶ Finally, the Public Advocates Office states that directed biogas projects should be prohibited from the SGIP program because they lead to “a significant amount of methane leakage.” This was a misstatement of fact, according to the source listed in

³ Opening Comments of the Public Advocates Office on the Proposed Decision Revising SGIP Renewable Generation Technology Program Requirements and Other Matters, R.20-05-012, (May 19, 2021), page 5.

⁴ PD R.20-05-012, no. 6-10, pages 83-84.

⁵ D.20-01.021, no. 3, page 15.

⁶ D.20-01.021, no. 5, page 15.

their footnotes, “Assessment of Methane Emissions from the U.S. Oil and Gas Supply Chain,” by Ramon A. Alvarez et al.⁷ The significant amount of methane leakage discussed in the aforementioned article was from natural gas, not biogas or renewable natural gas.⁸

The CHBC agrees with the National Fuel Cell Research Center’s (NFCRC) Opening Comments on the PD that any concern about the environmental integrity of biogas should be addressed by the Commissioner proposing an “objective and certifiable tracking system similar to the LCFS,” like a carbon intensity score, rather than prohibiting an integral and cost-effective decarbonization solution.⁹

b. Reply in Agreement with CEERT, PG&E and NFCRC’s Request to Replace the Limiting Term “Dedicated Pipeline” with “Pipeline.”

The CHBC agrees with the Center for Energy Efficiency and Renewable Technologies (CEERT), Pacific Gas & Electric Company (PG&E), and the NFCRC that the requirement for the delivery of SGIP eligible hydrogen be through a dedicated pipeline is problematic.¹⁰ As noted in CHBC’s opening comments, developing a dedicated hydrogen pipeline for an SGIP project would be prohibitively expensive since, presently, there are no available dedicated renewable hydrogen pipelines in California.¹¹ Currently, hydrogen is successfully delivered via pipelines that are not solely dedicated to hydrogen¹²; limiting the delivery of eligible hydrogen to “dedicated pipelines” would be inconsistent with the guidance for biomethane.¹³ Therefore, the CHBC agrees with the aforementioned parties’ recommendation to remove the word “dedicated” to create parity with biogas and, as stated

⁷ Opening Comments of the Public Advocates Office on the Proposed Decision Revising SGIP Renewable Generation Technology Program Requirements and Other Matters, R.20-05-012, (May 19, 2021), page 5.

⁸ Alvarez, Ramon A., et al, “Assessment of Methane Emissions from the U.S. Oil and Gas Supply Chain,” 13 July 2018, <https://science.sciencemag.org/content/361/6398/186.full?ijkey=42lcrJ/vdyyZA&keytype=ref&siteid=sci>, accessed May 23, 2021.

⁹ Opening Comments of the National Fuel Cell Research Center on the Proposed Decision Revising SGIP Renewable Generation Technology Program Requirements and Other Matters, R.20-05-012, (May 19, 2021), page 5.

¹⁰ Opening Comments of CEERT, PG&E, and NFCRC on the Proposed Decision Revising SGIP Renewable Generation Technology Program Requirements and Other Matters, R.20-05-012, (May 19, 2021).

¹¹ Opening Comments of CHBC on the Proposed Decision Revising SGIP Renewable Generation Technology Program Requirements and Other Matters, R.20-05-012, (May 19, 2021), page 4.

¹² “SDG&E and SoCalGas Announces Hydrogen Blending Demonstration Program,” <https://timesofsandiego.com/tech/2020/11/23/sdge-and-socialgas-announces-hydrogen-blending-demonstration-program/>, 23 November 2020. Accessed May 24, 2021.

¹³ Opening Comments of PG&E on the Proposed Decision Revising SGIP Renewable Generation Technology Program Requirements and Other Matters, R.20-05-012, (May 19, 2021), page 4.

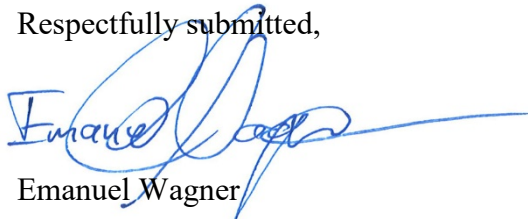
previously for proposed limitations, not prohibit an integral and cost-effective decarbonization solution.

III. CONCLUSION

The CHBC appreciates the Commission considering these reply comments on the inclusion of renewable hydrogen in the SGIP.

Respectfully submitted,

Dated: May 24, 2021

A handwritten signature in blue ink, appearing to read "Emanuel Wagner", with a long horizontal flourish extending to the right.

Emanuel Wagner

Deputy Director

California Hydrogen Business Council