

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

Application of SOUTHERN CALIFORNIA
GAS COMPANY (U 904 G) for Authority to
Establish a Memorandum Account for the
Angeles Link Project.

Application 22-02-007
(Filed February 17, 2022)

**RESPONSE OF THE GREEN HYDROGEN COALITION ON THE APPLICATION OF
SOUTHERN CALIFORNIA GAS COMPANY (U904G) FOR AUTHORITY TO
ESTABLISH A MEMORANDUM ACCOUNT FOR THE ANGELES LINK PROJECT**

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March 21, 2022

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In accordance with Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Green Hydrogen Coalition ("GHC") hereby submits this response on the *Application of Southern California Gas Company (U904G) for Authority to Establish a Memorandum Account for the Angeles Link Project* ("Application"), submitted by Southern California Gas Company ("SoCalGas") on February 17, 2022.

I. INTRODUCTION & SUMMARY.

On February 17, 2022, SoCalGas submitted an Application seeking approval to open a memorandum account to track the incremental costs associated with stakeholder engagement, engineering, design, and environmental work necessary to develop a first-of-its-kind potential project to deliver renewable green hydrogen into the Los Angeles ("LA") Basin. SoCalGas explains that the costs to study and design the potential project are anticipated to be substantial and not speculative, making opening and using a memorandum account appropriate.

GHC applauds SoCalGas for its leadership and vision for creating the nation's largest green hydrogen energy infrastructure system to deliver clean, reliable energy to the Los Angeles region. GHC agrees and supports the intent, scope, and goals of the Application. As detailed by SoCalGas,

the proposed Angeles Link green hydrogen system would drive deep decarbonization of dispatchable electric generation, hard-to-electrify industries, and heavy-duty transportation in the LA Basin. The Application points to several studies that highlight the need and potential benefits of a green hydrogen economy to achieve deep decarbonization, as well as to support unique local in-basin electric reliability needs and alleviate natural gas demand served by Aliso Canyon with a clean alternative fuel – key goals and objectives of the Commission and the state, thus demonstrating the multitude of benefits from approving the Application.

In addition, the Application aligns with other key developments and efforts underway, such as those of HyDeal LA. HyDeal LA is an initiative launched by the GHC in the fall of 2020. Its goal is to accelerate mass scale, low-cost green hydrogen hubs by aggregating multi-sectoral off-takers (e.g., power, transportation, industrial, maritime, aviation) in targeted locations to develop a competitive, high-volume supply chain and needed infrastructure to achieve low delivered cost. Phase 1 of HyDeal LA included the development of a complete system plan and end-to-end costing of a vision for 2030.

A key finding of Phase 1 was that it is indeed possible to achieve <\$2.00/kg delivered green hydrogen to the LA basin – provided that it is delivered via 100% hydrogen pipeline transport infrastructure connected to large scale geologic storage in a commercially proven salt dome formation. The levelized transport cost for the dedicated hydrogen pipeline envisioned for HyDeal LA (e.g., a pipeline connecting Los Angeles with commercially proven salt-dome storage of hydrogen in central Utah) is estimated to be \$0.25/kg.¹ Moreover, HyDeal LA Phase 1 also evaluated the possibility of using electric transmission infrastructure to move renewable electrons

¹ Energy and Environmental Economics report, *Hydrogen Opportunities in a Low-Carbon Future*. p.61. June 2020.

into the LA basin to achieve local green hydrogen production. This analysis revealed that there is insufficient electric system capacity to meet identified multi-sectoral green hydrogen demand.²

The cost-effectiveness findings from HyDeal LA also align with a study by the Hydrogen Council and McKinsey, which shows that by 2030, 100% hydrogen pipeline distribution will have the most considerable hydrogen transportation cost reductions compared to liquid or gaseous trucking. The study found that by 2030, 100% hydrogen pipeline distribution will have a total distribution cost reduction of 63%.³ The proposed Angeles Link green hydrogen system reflects these detailed findings and will be an integral part of achieving the vision of HyDeal LA.

Second, the bipartisan Infrastructure Investment and Jobs Act ("IIJA") was signed into law by President Biden on November 15, 2021, and included \$9.5 billion in federal investment in clean hydrogen, with much of this investment directed towards facilitating the development of at least four regional clean hydrogen hubs. The Angeles Link, connecting green hydrogen supply, offtake, and storage via dedicated pipeline capacity, will play a key component in service of the HyDeal LA vision that will position the LA Basin to participate in the Hydrogen Earthshot Initiative at the Department of Energy ("DOE") and establish it as North America's first green hydrogen hub. In other words, the Commission should not view the Application in isolation but instead view it as a critical piece to support a larger clean ecosystem and opening to leverage federal opportunities. As a result, we urge the Commission to expedite this Application so California can take advantage of DOE funding and support.

Given the timeliness of the broader context, GHC believes that SoCalGas' proposed memorandum account is appropriate. Rather than waiting until the next General Rate Case

² <https://www.ghcoalition.org/hydeal-la>

³ Hydrogen Council *Path to hydrogen competitiveness: A cost perspective*; 20 January 2020.

("GRC") cycle to seek approval of costs to conduct studies and prepare permits, it is prudent and reasonable to understand better the full range of *potential* scope, costs, technical details, ecosystem, and implementation considerations of the Angeles Link project. Overall, these activities will advance the understanding of SoCalGas, Commission, and stakeholders on what such a project will entail – *i.e.*, taking a concept to a more refined imagining of reality. Since the recovery of the costs incurred pursuant to this Application will need to be justified by SoCalGas as reasonable in a future filing, a memorandum account is appropriate to record the costs associated with conducting these activities and is critically important for the reasons mentioned above.

II. BACKGROUND AND INTEREST IN THE PROCEEDING.

GHC is a California educational 501(c)(3) non-profit organization.⁴ GHC was formed in 2019 to recognize the game-changing potential of "green hydrogen" to accelerate multi-sector decarbonization and combat climate change. GHC's mission is to facilitate policies and practices that advance green hydrogen production and use in all sectors of the economy to accelerate a carbon-free energy future. Our sponsors include renewable energy users and developers, utilities, and other supporters of a reliable, affordable green hydrogen fuel economy for all.

III. ISSUES TO BE CONSIDERED.

In this response, GHC is supportive of the issues to be considered as described in the Application and has nothing further to add at this time.

IV. CATEGORIZATION, HEARINGS, AND SCHEDULE.

GHC agrees with SoCalGas' proposed categorization and schedule for this Application. The timely approval of the Application by Summer 2022 will be critical to launching the substantial and

⁴ <https://www.ghcoalition.org/>

important activities proposed in the three phases. GHC has no position on the need for evidentiary hearings at this time.

V. CORRESPONDENCE.

Correspondence or communications regarding this Application should be addressed to:

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VI. CONCLUSION.

GHC appreciates the opportunity to submit this response on the Application and looks forward to collaborating with the Commission and stakeholders in this proceeding.

Respectfully submitted,

/s/ Nicholas Connell

Nicholas Connell
Policy Director

GREEN HYDROGEN COALITION

Date: March 21, 2022