

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

Order Instituting Rulemaking to
Continue Electric Integrated Resource
Planning and Related Procurement
Processes.

Rulemaking 20-05-003
(Filed on May 7, 2020)

**REPLY COMMENTS OF THE GREEN HYDROGEN COALITION ON THE
ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON STAFF
PAPER ON PROCUREMENT PROGRAM AND POTENTIAL NEAR-TERM ACTIONS
TO ENCOURAGE ADDITIONAL PROCUREMENT**

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), the Green Hydrogen Coalition (“GHC”) hereby submits these reply comments on the *Administrative Law Judge’s Ruling Seeking Comments on Staff Paper on Procurement Program and Potential Near-term Actions to Encourage Additional Procurement* (“Ruling”), issued by Administrative Law Judge (“ALJ”) Julie Fitch on September 9, 2022. These replies are being submitted in a timely fashion according to the schedule set by the Commission through the *Administrative Law Judge’s Ruling Seeking Comments on Electricity Resource Portfolios for 2023-2024 Transmission Planning Process*, issued by ALJ Fitch on October 7, 2022.

I. INTRODUCTION.

The GHC appreciates the opportunity to offer responses to the opening comments submitted by parties to this proceeding on December 12th, 2022. In GHC’s review of opening comments, we found that a significant share of parties support a procurement framework that allows for some form of resource-specific procurement – individual, joint, or centralized – particularly for long-lead time (“LLT”) resources. Moreover, GHC was pleased that several parties noted the

importance of considering material improvements, retrofits, and other investments that enhance the capacity or the emission's profile of existing assets. Finally, GHC – like most parties – supports a need determination, allocation, and compliance approach that is consistent with marginal effective load carrying capability (“ELCC”) since these methodologies and metrics properly capture the impact of future resource deployment on grid reliability and they are widely used across the industry. With this perspective in mind, GHC's comments are summarized as follows:

- The Commission should remain technology agnostic and be explicit that LLT resources encompass a wide array of solutions, such as firm clean power, long duration energy storage, offshore wind, among others.
- The Commission must acknowledge the importance of enhancements to existing infrastructure and resources that improve capacity and/or emission's profile while providing firm power and these solutions should be included in any framework adopted within this proceeding.

II. THE COMMISSION SHOULD BE EXPLICIT THAT LLT RESOURCES ENCOMPASS A WIDE ARRAY OF SOLUTIONS AND THEREBY REMAIN TECHNOLOGY AGNOSTIC. FURTHER, THE COMMISSION SHOULD PRIORITIZE RESOURCES THAT CAN PROVIDE CLEAN FIRM POWER.

In opening comments, several parties urged the Commission to include consideration of LLT resources to some degree within any proposed procurement framework. For example, American Clean Power - California (“ACP-CA”) encouraged the Commission to evaluate near-, mid-, and long-term procurement of said assets as part of a holistic strategy.¹ RWE Renewables Americas, LLC (“RWE”) supports this proposal, specifically noting the importance of a procurement pathway for LLT resources, such as offshore wind.²

¹ [ACP-CA Opening Comments](#), p. 2.

² [RWE Opening Comments](#), p. 2.

While the GHC agrees with the spirit of these parties' comments, we encourage the Commission to be more explicit and acknowledge that LLT resources are a technology agnostic umbrella concept that encompass a wide array of solutions, assets, and investments that may – due to their complexity, size, or cost – require significant lead times, substantial capital, and/or joint or centralized procurement. In this context, GHC underscores Avangrid's comments that recommend considering defining different procurement categories for assets that could fall under the LLT umbrella, such as firm clean power, long duration energy storage, offshore wind, among others.³

The GHC contends that clean firm power should be prioritized in the proposed procurement framework due to its potential to not only significantly reduce ratepayer costs but also advance decarbonization efforts. According to the research conducted by Environmental Defense Fund (“EDF”), Clean Air Task Force (“CATF”), and researchers at Energy + Environmental Economics (“E3”), Princeton University, and Stanford University, a significant investment in clean firm power resources - including hydrogen as a clean fuel - can provide the most cost-effective pathway for California to reach its decarbonization goals.⁴ Given this important research, the GHC maintains that consideration of clean firm power is imperative for achieving a timely and affordable energy transition. Thus, GHC urges the Commission to ensure diversity amongst LLT resources and prioritize the development of clean firm power assets.

³ [Avangrid Opening Comments](#), p. 9.

⁴ [EDF Opening Comments](#), p. 6.

III. THE COMMISSION SHOULD NOT ONLY ACKNOWLEDGE THE IMPORTANCE OF ENHANCEMENTS TO EXISTING INFRASTRUCTURE AND RESOURCES THAT IMPROVE CAPACITY AND/OR EMISSION'S PROFILE BUT ALSO PLAN FOR THOSE NEEDS WITHIN ANY FRAMEWORK ADOPTED WITHIN THIS PROCEEDING.

In this Ruling, the Commission asked parties to consider the scope of the procurement program to be designed. Within the Ruling's Attachment ("Attachment A"), the Commission's staff outlined the following three options for the procurement program: (1) a focus exclusively on new resources, (2) the inclusion of both new and existing resources, and (3) the partial coverage of existing resources.

In opening comments, several parties argued that – regardless of the scope ultimately favored by the Commission – material enhancements to existing resources that improve the operating characteristics of assets should be considered incremental and therefore within scope of any of the approaches detailed above. Notably, the California Energy Storage Alliance ("CESA") urged the Commission to clarify that hybridization (i.e., pairing generation with energy storage) or repowering of existing projects using energy storage would be considered under the scope of new resources since current market tools designed to retain essential capacity (RA contracts and backstop procurement) are neither equipped nor sufficient to incentivize these types of investments, despite their ratepayer benefits.⁵

GHC agrees with CESA's requested clarification but encourages the Commission to include additional language. The GHC believes the Commission should be explicit that hybridization and repowering are not exclusively achieved through the deployment of electrochemical storage. Specifically, the Commission should highlight that both are also possible through other means of conversion, such as the chemical storage offered by the production of hydrogen through

⁵ [CESA Opening Comments](#), p. 8.

electrolysis and conversion of existing natural gas plants to allow for hydrogen co-firing or conversion to 100% hydrogen. As such, the suite of enhancements that materially improve an existing asset's operating characteristics is quite diverse and the GHC contends that the Commission should adopt the proposed clarification.

The GHC urges the Commission to be clear that any enhancements to existing infrastructure that improve an asset's capacity and/or emissions profile should be considered under the scope of new resources. GHC believes that this notion is critical to incentivize the development of clean firm power and ultimately catalyze the transition to a hydrogen-based economy, both of which are in alignment with Section II of these replies. This language, for example, could cover investments such as those described in opening comments by Diamond Generating LLC (*e.g., procurement of capacity that meets decarbonization requirements as a percentage of total facility capacity, enabling near-term investments to test and blend hydrogen*).⁶ Ultimately, the GHC believes the Commission should, in alignment with the spirit of planning for LLT resources in a timely and affordable manner, adopt the clarification proposed above.

IV. **CONCLUSION.**

GHC appreciates the opportunity to submit these reply comments to the Ruling and looks forward to working with the Commission and stakeholders in this proceeding.

Respectfully submitted,

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⁶ [Diamond Generating LLC Opening Comments](#), p. 6.