Date of Hearing: April 17, 2023

ASSEMBLY COMMITTEE ON TRANSPORTATION
Laura Friedman, Chair
AB 1711 (Juan Carrillo) – As Amended April 10, 2023

SUBJECT: Energy: hydrogen: Clean Energy Equity Act

SUMMARY: Requires the State Energy Resources Conservation Development Commission (also known as the California Energy Commission, CEC) to equitably allocate funds appropriated for hydrogen-fueling infrastructure to specifically prioritize rural communities and low-income communities. Specifically, **this bill**:

1) Requires CEC and the California Air Resources Board (CARB), on or before January 1, 2025, to jointly review and submit a report to the Legislature on the progress toward establishing hydrogen-fueling infrastructure that is equally accessible to all communities, especially rural communities and low-income communities.

2) Prohibits the above reporting requirement from becoming operative if the provisions of an existing reporting requirement, under (Health and Safety Code (HSC) 43018.9), are extended beyond January 1, 2024.

3) Makes related findings and declarations.

EXISTING LAW:

1) Establishes the Clean Transportation Program (CTP), administered by CEC, with funding from vehicle and vessel registration, vehicle identification plates, and smog-abatement fees that provide up to $100 million annually for grants, revolving loans, loan guarantees, and other financial assistance to accelerate the development and deployment of clean, efficient, low carbon alternative fuels and technologies. The fees that fund CTP sunset January 1, 2024. (HSC 44272)

2) Requires CEC to develop and adopt an investment plan, in consultation with an advisory body and through a public process, to determine priorities for investment of funds and technologies to achieve the goals of the CTP. Requires CEC to submit a draft update each January, coincident with the Governor's Budget. (HSC 44272.5 and 44272.7)

3) Requires CEC, in consultation with CARB, as part of the development of the investment plan, to assess whether charging station infrastructure is disproportionately deployed, and, to use CTP funding to more proportionately deploy new charging station infrastructure, unless CEC makes a finding that the disproportionate deployment is reasonable and furthers state energy or environmental policy. (Public Resources Code (PRC) 25231)

4) Requires CARB, in consultation with CEC, to develop and adopt guidelines for CTP to ensure that activities undertaken a) complement efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminant and GHG emissions and b) maintain or improve upon emission reductions and air quality benefits in the State Implementation Plan for Ozone, California Phase 2 Reformulated Gasoline standards, and diesel fuel regulations. (HSC 44271)

5) Requires CEC to provide preference to projects that maximize the goals of the CTP, based on specified criteria. (HSC 44272)

6) Limits the activities funded under the CTP to only those explicitly named in statute. (HSC 44272)

7) Requires CARB to aggregate and report the number of hydrogen-fueled vehicles that motor vehicle manufacturers project to be sold or leased over the next three years and the total number of hydrogen-fueled vehicles registered with the Department of Motor Vehicles (DMV). This requirement is repealed January 1, 2024. (HSC 43018.9 (c))

8) Requires CARB to evaluate the need for additional publicly available hydrogen-fueling stations for the subsequent three years in terms of quantity of fuel needed for the actual and projected number of hydrogen-fueled vehicles, geographic areas where fuel will be needed, and station coverage and report findings to the CEC on the need for additional publicly available hydrogen-fueling stations based on this evaluation. This requirement is repealed January 1, 2024. (HSC 43018.9 (d))

FISCAL EFFECT: Unknown

COMMENTS: Since 2006, California has set several goals to reduce greenhouse gas (GHG) emissions, address climate change, and improve the public health of its residents. These goals require incremental progress that are intended to result in large emission reductions, including:

1) Reduce GHG emissions to 40% below 1990 levels by 2030, SB 32 (Pavley) Chapter 488, Statutes of 2016.

2) Reduce short-lived climate pollutant emissions, such as methane, to 40 to 50% below 2013 levels by 2030, SB 1383 (Lara) Chapter 395, Statutes of 2016.

3) Achieve a carbon-neutral economy by 2045, AB 1279 (Muratsuchi) Chapter 337, Statutes of 2022.

Additionally, California has led on the transition to zero-emission vehicles (ZEVs), setting specific goals to boost the supply of ZEVs as well as charging and fueling stations, including:

1) By 2025:
   a) 1.5 million ZEVs on the road (Executive Order (EO) B-16-12)
   b) Installation of 200 hydrogen-fueling stations and 250,000 battery-electric vehicle chargers, including 10,000 direct-current fast chargers, by 2025 (EO B-48-18)

2) By 2030:
   a) 5 million ZEVs on the road. (EO B-48-18)
   b) 8 million ZEVs on the road. (California Air Resources Board (CARB) estimate to meet EO N-79-20)

3) By 2035:
   a) Transition 100% of new sales of passenger vehicles and trucks to ZEVs (EO N-79-20)
   b) Transition 100% of drayage trucks to zero emission (EO N-79-20)
   c) Transition 100% of operating off-road vehicles and equipment to zero emission everywhere feasible (EO N-79-20)

4) By 2045:
   a) Transition 100% of operating medium- and heavy-duty trucks and buses to zero emission everywhere feasible (EO N-79-20)

The need for a greater amount of ZEV infrastructure is growing rapidly as the number of ZEVs in the state increases. In 2021, the state reached of a total of one million light-duty ZEVs sold in California. In Quarter (Q) Q1-Q3 of 2022, 17.7% of new vehicle sales were ZEVs. These numbers include both battery-electric vehicles and fuel-cell electric vehicles, with the vast majority being battery-electric. ZEV infrastructure is necessary to address range needs and to encourage the purchase of ZEVs. The state is investing heavily in the deployment of ZEV charging and fueling stations during this early transitional stage.

CARB's '2022 Annual Evaluation of Fuel Cell Electric Vehicle Deployment and Hydrogen Fuel Station Network Development' provides an analysis of the need for additional publicly available hydrogen-fueling stations for the subsequent three years in terms of quantity of fuel needed for the actual and projected number of light-duty hydrogen-fueled vehicles, geographic areas where fuel will be needed, and station coverage. Based on DMV vehicle registration data from April 1, 2022, CARB estimates that 11,314 light-duty hydrogen-fueled vehicles currently operate in the state. Sales in Q1 of 2022 were slightly more than 1,000 vehicles.

According to the CEC's 2022-23 Investment Plan Update for the CTP, between public and private investments, CEC staff anticipates that California will meet the goal of installing 200 hydrogen refueling stations with capacity to serve 273,000 fuel cell vehicles. Automakers expect to have 65,000 light-duty fuel cell vehicles on the road in 2028, so station capacity should not be a near-term barrier to light-duty fuel cell vehicle deployment once these stations are operational. However, the location of the 200 stations may not be in close proximity to where the cars are owned, which could create a barrier.

According to CARB's 2022 Annual Evaluation, "only one-quarter of the disadvantaged communities (DAC) and general populations live within the more standard convenience metric of a six-minute drive to a hydrogen station. Spatial analysis also indicates that most of the rural DACs and DACs with lower population density are outside of both the 6-minute and 15-minute drivetime metrics. Although hydrogen station development appears to similarly benefit some DACs alongside the general population, many DACs are not at all addressed by the open and planned hydrogen fueling network. More work must be done to ensure the hydrogen fueling network reaches all communities."

This bill would require CEC to equitably allocate moneys appropriated by the Legislature for hydrogen-fueling stations to prioritize rural communities and low-income communities. According to various needs assessment reports, the state does not have enough electric chargers for the number of battery electric vehicles anticipated to be on the road. A similar capacity gap does not exist for fuel cell electric vehicles and hydrogen fueling stations; but station location may be a limitation. If the Legislature decides to appropriate money for hydrogen-fueling

stations, this bill would help to ensure that the fueling stations are accessible for drivers in rural and low-income communities.

The reporting requirements included in this bill will not be enacted if the Legislature passes another bill that extends the hydrogen-fueling station evaluation CARB currently prepares. Current law requires CARB to evaluate the need for additional publicly available hydrogen-fueling stations based on various factors and report its findings to the CEC. This requirement is repealed January 1, 2024, but legislation to extend fees related to this requirement is currently being considered and might include an extension of this requirement.

According to the author, "As California moves towards a clean energy economy it is essential that this transition occurs equitably. The legislature and state agencies have taken great care to ensure that disadvantaged and low income communities receive their fair share of resources and new infrastructure, unfortunately many rural communities are being left behind. This is particularly acute when it comes to hydrogen infrastructure, which may play an outsized role in rural communities that generally use more heavy duty equipment and travel further than their urban counterparts. This bill will require the CEC to ensure rural communities are not left out of the state resources allocated towards developing hydrogen infrastructure."

Double referral: This bill is double referred to the Assembly Natural Resources Committee and will be heard by that Committee as it relates to issues under its jurisdiction.

Related and previous legislation: AB 241 (Reyes) reauthorizes fees that fund the Air Quality Improvement Program (AQIP), the Clean Transportation Program (CTP), and the Enhanced Fleet Modernization Program (EFMP) and makes changes to CTP and AQIP. AB 241 is currently in the Assembly Transportation Committee.

AB 673 (Bennett) requires CEC, when considering providing funding for medium- and heavy-duty hydrogen station, to evaluate whether the project needs to also include access for light-duty vehicles. This bill is currently in the Assembly Appropriations Committee.

AB 8 (Perea) Chapter 401, Statutes of 2013 extends increased vehicle registration fees, vessel registration fees, service fees for ID plates, and smog abatement fees to be deposited in ARFVT Fund, AQIF, and EFM subaccount until 2024. Requires CEC to allocate $20 million annually from ARFTV fund to fund hydrogen fueling stations until there are at least 100 publicly available in the state.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

Analysis Prepared by: Christine Casey / TRANS. / (916) 319-2093