Date of Hearing: June 20, 2022

ASSEMBLY COMMITTEE ON TRANSPORTATION
Laura Friedman, Chair
SB 1329 (Newman) – As Amended June 13, 2022

SENATE VOTE: 39-0

SUBJECT: Publicly available hydrogen-fueling stations: electric vehicle charging stations

SUMMARY: Requires the California Air Resources Board (CARB) to determine the number of publicly available hydrogen-fueling stations necessary to provide hydrogen-fueling access statewide and sets a new goal of 200 stations that CARB and California Energy Resources Conservation and Development Commission (CEC) must annually report on progress towards. Specifically, **this bill**:

1) Requires CARB, on or before June 30, 2023 and annually, to determine the number of publicly available hydrogen-fueling stations necessary to provide a publicly available hydrogen-fueling station network, taking into consideration CARB's 2020 Mobile Source Strategy, the goals and recommendations of Executive Order (EO) No. N-29-20, and the data collected by CEC related to electric vehicle (EV) charging station performance.

2) Requires CEC to annually allocate, from the money appropriated by the Legislature from the Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF), an amount determined appropriate by CEC for both of the following:

    a) To achieve the goal established by CARB for providing a publicly available hydrogen-fueling station network.

    b) To build the number of EV charging stations estimated by CEC in its biennial statewide assessment of EV charging infrastructure required, consistent with the EV goals outlined in EO N-79-20.

3) Requires CEC to annually allocate $150,000 toward improving driver communications regarding publicly available hydrogen-fueling stations.

4) Requires CEC to allocate no less than 60% of the money allocated for hydrogen-fueling toward publicly available hydrogen-fueling station projects that completely or partially benefit disadvantaged communities or low-income communities, as defined by existing law.

5) Requires a recipient of money to use a skilled and trained workforce for all construction and maintenance work related to a publicly available hydrogen-fueling station for which the moneys were received.

6) Requires CEC and CARB to jointly review and report annually on progress towards establishing 200 statewide publicly available hydrogen-fueling stations.

7) Would be in effect only until January 1, 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2024, deletes or extends that date.

EXISTING LAW:

1) Creates the Clean Transportation Program (CTP), administered by CEC, to provide competitive grants, revolving loans, loan guarantees, or loans to various entities to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies.

2) Requires CARB, annually, to aggregate and share the number of hydrogen-fueled vehicles that manufacturers project to be sold over the next three years and the total number of hydrogen-fueled vehicles registered with the Department of Motor Vehicles. [Repealed as of January 1, 2024.]

3) Requires CARB, based on the above information, to annually evaluate the need for additional publicly available hydrogen-fueling stations for the next 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. [Repealed as of January 1, 2024.]

4) Requires CEC to allocate $20 million annually to fund hydrogen fueling stations until there are at least 100 publicly available in the state in operation. [Repealed as of January 1, 2024.]

5) Requires CEC, working with CARB and the CPUC, to prepare a statewide assessment of the EV charging infrastructure needed to support the levels of electric vehicle adoption required for the state to meet its goals of putting at least 5 million zero-emission vehicles (ZEV) on California roads by 2030, and of reducing emissions of greenhouse gases (GHGs) to 40% below 1990 levels by 2030.

FISCAL EFFECT: According to the Senate Appropriations Committee:

1) Unknown, potentially significant cost pressure (General Fund or special fund) for the CTP to allocate funding to help build a statewide publicly available hydrogen fueling station network based on the CARB's estimation of need.
2) CEC and CARB anticipate that costs would be minor and absorbable.

COMMENTS:

AB 118 (Nunez), Chapter 750, Statutes of 2007 created CTP and other programs to help implement the state's GHG emission reduction goals. Over the years, the program has become increasingly focused on providing funding for ZEV infrastructure.

AB 8 (Perea), Chapter 401, Statutes of 2013 extended, until January 1, 2024, various fees and surcharges that fund CTP and other programs. In addition, AB 8 repealed the authority of CARB from enforcing regulations related to the Clean Fuels Outlet, which could have required oil refiners to assure that hydrogen fueling stations were available to the public once certain triggers were met. Instead, AB 8 attempted to provide certainty that minimum fueling infrastructure would be in place to support the initial launch of fuel cell electric vehicles (FCEV) by guaranteeing $20 million per year from CTP for hydrogen infrastructure until the state met the goal of 100 hydrogen fueling stations.

Progress in hydrogen station development. According to the Joint Agency (CARB and CEC) Staff Report on AB 8: 2021 Annual Assessment of Time and Cost Needed to Attain 100 Hydrogen Refueling Stations in California, California anticipates reaching 100 stations by the end of 2023. With CTP allocating funding to 172 stations (including 16 to be privately funded

under CEC agreement) and the private sector announcing an additional seven privately funded stations, the state expects up to 179 stations by 2026. In addition, the one-time appropriation through the California Budget Act of 2021 of $1.1 billion General Funds across three fiscal years for ZEV infrastructure across light-, medium-, and heavy-duty sectors is anticipated to help the state reach the 200-station goal. When all 179 stations are open, the network will be capable of supporting about 245,000 FCEVs. CEC projects that once 200 stations are open in the state, about 290,000 FCEVs can be supported.

The Legislature remains technology neutral. The Legislature has avoided picking a technological winner in the zero-emission space, funding vehicle incentives for both FCEVs and battery electric vehicles (BEVs) and the required infrastructure, hydrogen fueling stations and EV charging stations, respectively.

Passenger BEV sales currently outpace FCEV sales. Cumulative sales through the first quarter (Q1) of 2022 are as follows: over 1.1 million BEVs and plug-in hybrid electric vehicles (PHEVs) and 13,000 FCEVs. For Q1 2022 sales: 80,000 BEVs/PHEVs and 826 FCEVs.

Medium- and Heavy-duty ZEV technology and sales are still in the early stages. The varying applications of medium- and heavy-duty trucks create multiple openings for BEVs and FCEVs to claim best use. CTP funds infrastructure for both passenger and medium- and heavy-duty applications.

Is CARB the appropriate entity to be determining ZEV infrastructure? CEC administers CTP, and existing law requires CEC to annually develop and adopt an investment plan to determine priorities and opportunities for CTP. It may be more appropriate to task CEC with determining the necessary infrastructure.

Fees that fund CTP will expire January 1, 2024. An administrative effort to reauthorize and securitize the fees that fund the CTP stalled during last year's budget negotiations. Absent a guarantee of reauthorization, the administration may be hesitant to implement changes to CTP.

According to the author, "Without support for and appropriate investments in hydrogen, California will fail to meet its zero-emission vehicle goals. [This bill] aligns with CARB's 2021 peer-reviewed analysis showing an additional $300M will bring the light and medium-duty fueling network to a point of self-sufficiency while supporting the development of 1,000 strategically-located hydrogen fueling stations in 94% of the geographic state and 97% of disadvantaged communities.

Hydrogen offers immense potential contributions to the creation of a resilient, renewables-powered grid and in the decarbonization of heavy trucking, rail, marine, and even aviation – but that important progress will only be built on an initial foundation of meeting the needs of today's fleet of fuel cell vehicles. By supporting the needs of hydrogen fuel cell vehicles on the road today, we can deliberately and efficiently prepare for the hydrogen ecosystem needed tomorrow. [This bill] will do exactly that."

In support, the State Building and Construction Trades Council of California write, "As policy makers plan for a transition to ZEVs, bills such as [this bill] are needed to prepare for how to ensure that ZEVs of all types can be refueled and maintained. Hydrogen-powered vehicles must be part of the solution. At least 60% of the funds will be directed toward installations that benefit disadvantaged communities. This bill will not only provide the backbone to a new refueling

network, but it will provide thousands of high-quality construction jobs for blue collar workers up and down the state."

In opposition, Acterra writes, "[H]ydrogen-powered automobiles are not going to be able to compete with battery electric cars because hydrogen infrastructure is tremendously more expensive and dangerous than EV charging infrastructure. Hydrogen fuel cell vehicles are more expensive to power than BEVs. No further monies should be spent on light vehicle hydrogen fueling infrastructure. Given the very small window of time the Intergovernmental Panel on Climate Change gives to reduce emissions drastically, hydrogen powered passenger vehicles are an expensive distraction that should not be supported by California."

Related and previous legislation: AB 2562 (Bennett) of this session would have required CEC to provide preference to certain hydrogen-fueling station projects, including those at Ports, along freight corridors, and collocated with medium- and heavy-duty stations. AB 2562 was held 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 ARFVTF, AQIF, and EFM subaccount until 2024. Requires CEC to allocate $20 million annually from ARFTVF to fund hydrogen fueling stations until there are at least 100 publicly available in the state.

AB 118 (Nunez), Chapter 750, Statutes of 2007 creates ARFVT Program, Air Quality Improvement Program, and Enhanced Fleet Modernization Program. Creates ARFVT fund and allocates $10 million to the fund from Public Interest Research, Development, and Demo Fund. Imposes increases, until January 1, 2016, on vehicle registration fees, vessel registration fees, service fees for ID plates, and smog abatement fees to be distributed to ARFVTF, AQIF, and EFM subaccount.

REGISTERED SUPPORT / OPPOSITION:

Support

California Hydrogen Coalition (sponsor)
Air Products and Chemicals, INC.
California Hydrogen Business Council
California New Car Dealers Association
First Element Fuel, INC.
Hyundai Motor Company
Nel Hydrogen
Sempra Energy Utilities
Southern California Gas Company
State Building & Construction Trades Council of California

Opposition

350 Silicon Valley
Acterra: Action for A Healthy Planet

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