



TECHNET
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Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Fuel Cell Net Energy Metering GHG Standard

TechNet appreciates the opportunity to comment on the California Air Resource Board's ("ARB" or the "Board") proposed methodology to determine the greenhouse gas ("GHG") emissions standard for fuel cell net metering ("FCNEM"). TechNet is a national network of technology CEOs and senior executives that promotes the growth of the innovation economy. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies in the world. Our member companies directly and indirectly impact the lives of tens of millions of people with over three million employees and countless customers, vendors, and other business partners. Many of TechNet's member companies require reliable electricity and have firm commitments to sustainability. As such, TechNet represents many current and potential future companies who want to be able to install fuel cell systems as part of their corporate energy and sustainability strategies.

TechNet appreciates the Board's efforts to propose a GHG standard for FC NEM and commends ARB for its leadership in creating a biogas policy for electricity generation through the use of fuel cells. However, TechNet and its members advocate for a set of policies that are both consistent and achievable so as to maximize use and benefits of fuel cells. Specifically, TechNet encourages the Board to consider aligning the GHG standard implementation timeline in such a way that it aligns with the assumptions of SB 32 reductions, as well as aligning with CARB's own biogas policies and GHG emissions reduction methodology. Doing so will allow the State to fully realize all of the positive benefits of the program, including

improved air quality, reduced GHG emissions, enhanced electrical reliability and resiliency, and continued support for California's unparalleled innovation economy.

Of particular concern is the idea of imposing stringent, retroactive standards that may impact the ability of companies with existing fuel cell systems to continue using them. We appreciate the direction of the Board and the intent of the law to ensure that fuel cell systems are always cleaner than the grid – indeed, that is the motivation of many of our member companies for installing them in the first place. However, retroactive standards set dangerous precedent that harms the ability of businesses to plan for the state's climate targets and could punish early adopters of clean technologies. We urge ARB to adopt standards that apply from 2020 forward, rather than retroactive standards. If the Board wishes to aim for a particular target in 2030 as part of FCNEM, such as 40% below the 2017 level, it should set stringent annual reductions in the target from 2020 forward to meet the same 2030 goal, rather than less stringent annual declines that begin three years in the past.

Another critical concern is access to biogas. Again, like the Board, TechNet member companies want to deploy the cleanest, resilient energy systems – including the use of biogas or hydrogen in fuel cells. However, access to renewable gas is currently limited, and the market for renewable gas is distorted toward the transportation sector due to the Low Carbon Fuel Standard. We urge ARB to consider market access of renewable gas in the development of its FCNEM standard, and to take steps to support increased use of renewable gas, including outside of the transportation sector.

ARB already has a clear and consistent set of policy guidance on the use of biogas in its Cap and Trade regulation. The Board should explicitly allow fuel cells the ability to use Cap and Trade compliant biogas to meet GHG requirements for FCNEM compliance. If ARB does not do this, the number of projects developed under FCNEM may suffer due to unclear, and potentially competing, regulatory policies. If this were to occur, both the State and TechNet's members would be forced to choose between the need for resilient and reliable electricity, and their sustainability goals.

TechNet applauds the Board for seeking to align the FCNEM GHG regulation with the goals of SB32. However, the alignment to SB32 should be consistent with *both* the timing of SB32 *and* the practicalities of implementation. As SB32 uses 2020 as a baseline in calculating GHG reductions and generally assumes constant annual reductions from one year to the next between target dates. FCNEM should deploy this strategy as well, starting with constant annual reductions in stringency moving forward from 2020. Consistency between these policies will result in GHG emissions reductions that are both aggressive enough to meet the intentions of the law and the Board, ensuring fuel cells remain cleaner than the grid, yet achievable enough so as to not hinder the continued development of resilient technologies like fuel cells or renewable resources like biogas and hydrogen. With these modifications, the ARB can help the State to simultaneously meet their resiliency and air quality goals.

TechNet thanks ARB staff for their efforts in developing this plan as well as for the opportunity to provide comments.

Sincerely,

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