

May 4, 2026

The Honorable Lauren Sanchez
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation

Dear Chair Sanchez,

The California Hydrogen Business Council appreciates the opportunity to provide comments on the Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms.

The CHBC is the largest hydrogen trade association in the United States with over 75 members across the hydrogen and fuel cell supply chain, developers, engineering and professional services, end users, agencies and communities. CHBC advocates for regulations that support the development of hydrogen and fuel cells to support California's decarbonization objectives, improve our air quality and address hard to electrify sectors and end uses. The proposed amendments introduce constraints that may inhibit the scale-up of California's hydrogen markets, and CHBC therefore provides recommendations to support a more functional, technology-neutral market structure.

CHBC Supports Reference to RPS Eligible Renewable Energy Resources and Recommends Citation of PUC § 399.12

CHBC supports the manufacturing decarbonization incentive program and inclusion of hydrogen production. The proposed amendments to Section 95891(g)(2)(C)2, however, introduce a set of new requirements to use the value of the MDI allocation for low-carbon hydrogen that, taken together, create a significantly more restrictive eligibility pathway than what is necessary to ensure low-carbon performance. Although CARB does not establish a specific carbon intensity (CI) threshold, the combined effect of the amendments is to introduce a de facto overly restrictive CI screen through layered geographic, temporal, and resource-type constraints.

Under the amendments, hydrogen producers must demonstrate that electricity used for electrolysis is (1) sourced from an RPS-eligible renewable resource, (2) generated within the same local balancing authority (LBA) or delivered without substitution, and (3) time-matched on a monthly basis. Together these requirements go well beyond the existing verification and deliverability standards embedded in the RPS and WREGIS tracking system. RPS eligibility already ensures that renewable electricity is properly certified, tracked, and verified through CEC processes. To ensure clarity in eligibility, the CHBC requests that CARB add a citation to

California Public Utilities Code Section 399.12 to the term “Eligible Renewable Energy Resources” aligning directly with the official RPS definition and the definition section.

Matching and Delivery Requirements Should be Removed from the Amendments

Adding additional LBA-level deliverability and monthly matching requirements creates redundancy, restricts production of the cleanest hydrogen and exceeds federal standards without providing additional emissions-reduction value.

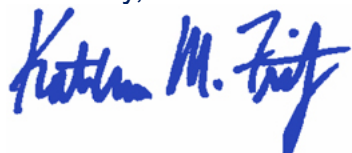
From a technical standpoint, the LBA-specific deliverability requirement does not reflect how the CAISO grid operates. California’s electricity system is designed around regional balancing, market-based dispatch, and system-wide renewable integration—not strict LBA-level matching. Requiring electrolytic hydrogen producers to demonstrate same-LBA generation or non-substitutable delivery introduces a level of granularity that is not required under the RPS, the LCFS, or federal 45V hydrogen tax credit guidance. This misalignment risks creating compliance pathways that are theoretically valid but operationally infeasible, particularly in regions with constrained transmission or limited renewable build-out.

The monthly time-matching requirement is also more restrictive than the LCFS quarterly matching standard that CARB cites as justification for alignment. The federal time matching requirement is scheduled to be phased in, with annual matching required until 2030. Monthly matching significantly limits the ability of hydrogen producers to rely on variable renewable generation profiles, especially during periods of seasonal resource variability. This requirement may unintentionally disadvantage electrolyzer projects that are otherwise capable of achieving very low CI scores but cannot meet the more stringent temporal granularity imposed here.

In combination, these amendments create a compliance structure that is more restrictive than necessary, duplicates requirements already embedded in RPS certification and introduces cross-program inconsistencies that complicate planning for hydrogen producers participating in multiple CARB programs. Stakeholders are concerned that these overlapping constraints will slow deployment of low-carbon hydrogen, increase compliance costs, and reduce the effectiveness of the MDI allocation as a tool for industrial decarbonization.

CHBC values the opportunity to give input on CARB’s proposed 15-day amendments to the Cap-and-Invest program and remains committed to collaborating with the agency to support effective, technology-neutral pathways for clean hydrogen deployment.

Sincerely,



Katrina M. Fritz
President and CEO
California Hydrogen Business Council