



OFFICE OF THE GOVERNOR

April 6, 2023

The Honorable Jennifer Granholm
Secretary of Energy
1000 Independence Avenue, SW
Washington, D.C. 20858

Dear Secretary Granholm,

California deeply appreciates our continued partnership with the Biden-Harris Administration on a multitude of issues, including our shared goal of accelerating the United States' transition to clean energy. In furtherance of that effort, just last year, I signed AB 1279, which legally binds California to reach economy-wide carbon neutrality by 2045.

California's Scoping Plan, published in November 2022, provides a roadmap to reaching this ambitious target. Success hinges on rapidly scaling clean energy resources and connecting those resources to end users. Hydrogen is uniquely positioned to accelerate both those processes. In fact, we project needing to scale California's hydrogen market 1,700 times by 2045 to meet our carbon neutrality mandate.

While it is relatively straightforward to project the need for renewable hydrogen in models, it is much harder to build a functioning market. It will take aggressive planning, focused implementation, and community engagement including bringing people from underrepresented populations into the workforce. We're committed to making it happen, not just in California, but nationally and internationally.

For reasons articulated in our application, we believe that California is the best place in the nation for the DOE to demonstrate that—with creative policies, dedicated stakeholders, and robust partnerships—a renewable hydrogen market can thrive. We are also hyper-aware that California cannot create that market without DOE support; it is the key that can turn the lock.

Our application, submitted by the Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES)—an organization purpose-built to deliver a successful, fully integrated hydrogen hub—is organized around leveraging DOE investment and expertise to drive down the cost of hydrogen production and distribution. Your investment, validation, and capacity for innovation will catalyze billions of dollars of private, state, and local investment in the renewable hydrogen market.

With this in mind, my Administration makes the following commitments in support of building California's hydrogen hub and connecting it to the rest of the country:

Co-Funding: Should DOE choose to fully invest in California's ARCHES hub, my Administration commits to leveraging the state's current hydrogen investments and partnering with the California Legislature to address match funding requirements through 2031. These funds

would be primarily directed at driving demand for hydrogen—complementing federal funding with substantial investments in fuel cell electric trucks, buses, cargo handling equipment, hydrogen fueling stations, as well as adding cost share to hydrogen production facilities, distribution assets, workforce development, and community benefits. Full details are available in our application—all leading to creating an economically sustainable and expanding renewable hydrogen market.

Policy Innovation: California is fully committed to the following targets: economy-wide carbon neutrality by 2045 and 90% carbon free electricity and 100% of new-vehicle sales as zero emission vehicles by 2035. Our Zero Emission Vehicle Regulations, Cap & Trade Program, and Low Carbon Fuel Standard are revolutionary—and create the foundation for new industries organized around emission reductions. We plan to continue to iterate on all fronts to drive hydrogen investment and accelerate renewable energy penetration.

Permit Support: The Governor's Office of Business & Economic Development (GO-Biz), a co-founder of ARCHES, has a proven track record of unsticking projects at all levels of government. The office is fully committed to success, including updating its nation-leading Hydrogen Station Permitting Guidebook. Additionally, the California Energy Commission is committed to deploying new tools to accelerate California Environmental Quality Act reviews and will work closely with DOE to align with NEPA.

Partnership: California is committed to success. We know the world is watching, and we relish our role in pushing the envelope of what is possible. We need hydrogen to be successful, not only in California, but across the nation and world. As always, we are committed to working in our communities as well as with other states and regions to continue to improve the system for all.

In closing, I want to share a little more on ARCHES. The term “public private partnership (PPP)” gets thrown around quite a bit because PPPs can leverage a range of assets to become more than the sum of their parts. And ARCHES does this in spades. It's labor partners ready to build a clean renewable future. It's the intellectual heft of all of our University of California campuses and three national labs—collaborating under a shared vision. It's over 200 partners coming together, statewide, across multiple sectors, to turn \$1.25B in federal funds into a \$13B market launch, building the foundation for a sustainable multi-billion-dollar market. Crucially, it's a commitment to ensuring these investments directly benefit our communities that have historically shouldered the heaviest burdens of our fossil-based economy. Together, these resources can supercharge the marketplace and create transformational change.

We believe our ARCHES proposal is exactly what our country needs to lead on clean hydrogen—and are eager to partner with DOE to create a prosperous, inclusive clean energy future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gavin Newsom', with a long horizontal flourish extending to the right.

Gavin Newsom Governor
of California