



Maryam S. Brown
President

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February 18, 2022

Hon. Alice Reynolds
President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Dear President Reynolds:

Thank you for your letter regarding the Infrastructure Investment and Jobs Act of 2021 (IIJA) – Federal Funding Opportunities, dated January 24, 2022 (hereafter referenced as the IIJA Letter). Southern California Gas Company (SoCalGas) appreciates the California Public Utilities Commission’s (CPUC) interest in our plans with respect to grants to be made available under the IIJA. We agree that IIJA grants may provide significant opportunities “to benefit California utility customers and make critical energy infrastructure investments,”¹ which in turn alleviate projected upward rate pressure on energy bills, improve the reliability and resiliency of our energy systems, and achieve the State’s ambitious climate change goals.

SoCalGas fully supports the CPUC’s climate-related endeavors and those offered under the IIJA. For instance, in 2021, SoCalGas announced its ASPIRE 2045² Climate Commitment, a strategy to further integrate sustainability across our business. As part of ASPIRE 2045, SoCalGas is pursuing efforts to enable the energy transition, which requires expanding on proven and investing in new technologies. For example, yesterday SoCalGas announced plans to develop the nation’s largest green hydrogen energy infrastructure system to help decarbonize the Los Angeles Basin and achieve California’s climate goals.³ In line with the CPUC’s stated interests above in the IIJA Letter, the proposed Angeles Link would benefit ratepayers and the State by delivering renewable, green hydrogen into the Los Angeles Basin to support integration of more renewable electricity resources like solar and wind and would significantly reduce greenhouse gas emissions from dispatchable electricity generation, industrial processes, heavy-duty trucks, and other hard-to-electrify sectors of the Southern California economy. SoCalGas looks forward to working with the CPUC in its review of SoCalGas’s application for a memorandum account to track the incremental costs associated with stakeholder engagement, engineering and design

¹ IIJA Letter at 1.

² See <https://www.socalgas.com/sustainability/leading-through-sustainability>

³ See <https://www.socalgas.com/sustainability/hydrogen/angeles-link>

work, regulatory permitting, and environmental review and permitting to develop this first-of-its-kind project.

SoCalGas is, therefore, very interested in and closely monitoring the status and scope of many of the funding opportunities contemplated under the IIJA, which we expect to be made available later this year. As the Commission is no doubt aware, the grant application rules and procedures relating to the competitive grants to be made under the IIJA are currently under development by the applicable federal agencies responsible for their administration, and the U.S. Department of Energy has recently released “Requests for Information” for a number of the programs to further develop the solicitations.

Among these programs, SoCalGas’s areas of interest and potential consideration include hydrogen, carbon management and clean transportation. Of the competitive grants contemplated under the IIJA, SoCalGas is particularly interested in the following programs that we believe align well with SoCalGas’s mission to build the cleanest, safest and most innovative energy company in America:

- Clean Hydrogen Hubs (\$8B) – Provides funding for projects that contribute to the development of at least four clean hydrogen hubs.
- Clean Hydrogen Manufacturing & Recycling Program (\$500M) – Provides funding for research, development and demonstration projects to advance new clean hydrogen production, processing, delivery, storage and end-use equipment manufacturing technologies and techniques.
- Clean Hydrogen Electrolysis Program (\$1B) – Provides funding for research development and demonstration projects to reduce the cost of hydrogen produced using electrolyzers.
- Carbon Capture Demonstration Projects Program (\$2.5B) – Provides funding to establish a carbon capture technology program for the development of six facilities to demonstrate transformational technologies that will significantly improve the efficiency, effectiveness, costs, emissions reductions, and environmental performance of coal and natural gas use, including in manufacturing and industrial facilities.
- Carbon Capture Large-Scale Pilot Programs (\$950M) – Provides funding establish a carbon capture technology program for the development of transformational technologies that will significantly improve the efficiency, effectiveness, costs, emissions reductions, and environmental performance of coal and natural gas use, including in manufacturing and industrial facilities.
- Carbon Storage Validation and Testing (\$2.5B) – Provides funding to establish a program of research, development, and demonstration for carbon storage.
- Front-End Engineering and Design Program Out Activities Under Carbon Capture Tech Program 962 Of EPA (Sec 40303) (\$100M) – Provides funding to expand the Department of Energy’s Carbon Capture Technology program to include a program for carbon dioxide transport infrastructure necessary to deploy Carbon Capture Utilization and Storage technologies.

SoCalGas intends to review the application rules and procedures for the above listed programs and potentially other programs under the IIJA once the solicitation process for each program is made available by the responsible federal agencies. As we develop specific plans following the issuance of solicitations for such programs, we look forward to the opportunity to update your office, subject to compliance with program application rules and any applicable laws or confidentiality restrictions.

In support of SoCalGas's ASPIRE 2045 Climate Commitment, SoCalGas has advanced its efforts in hydrogen and has worked with multiple collaborators including the University of California Irvine, the University of California Los Angeles, and the Green Hydrogen Coalition on submittals related to the Department of Energy (DOE) "Earthshot" Hydrogen Program. SoCalGas has also participated with the Green Hydrogen Coalition on HyDeal LA, an initiative to achieve at-scale procurement of green hydrogen at \$1.50/kg in the Los Angeles basin by 2030.⁴ Complementing the goals of HyDeal LA, SoCalGas recognizes a myriad of clean solutions and technologies should play an important role in decarbonizing California economies.

SoCalGas also recently submitted a response to a Request for Information (RFI) from the DOE focused on the development of priorities and initiatives to enable the development and deployment of just and sustainable technologies such as carbon capture and storage (CCS), carbon dioxide pipelines, carbon dioxide conversion, and carbon dioxide removal technologies, including Direct Air Capture (DAC). DOE intends to obtain public input in support of a DOE plan on the deployment and demonstration of carbon management and clean energy technologies to support the administration's goals of decarbonizing the electricity sector by 2035 and the economy by 2050. The RFI is focused on the viability of technology demonstration and deployment projects to support this energy transition, eliminate greenhouse gas emissions, produce clean energy, create jobs, and enable a net-zero carbon emissions economy while prioritizing social justice.

SoCalGas looks forward to continuing the conversation and partnering with the Commission as the opportunities and process for the IIJA funding progress.

Should you have any questions regarding this letter, please contact Yvonne Mejia, Regulatory Business Manager at YMejia@SoCalGas.com.

Sincerely,

/s/ Maryam S. Brown

Maryam S. Brown
President
Southern California Gas Company

⁴ Green Hydrogen Coalition, available at <https://www.ghcoalition.org/hydeal-la>

cc:

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