



February 17, 2023

Senate Committee on Energy and Environment
Oregon State Capitol
900 Court St. NE
Salem Oregon 97301

Re: SB 125 - neutral

Dear Chair Sollman, Vice-Chair Findley, and Members of the Committee,

Climate Solutions is a regional non-profit working to accelerate clean energy solutions to the climate crisis. We are neutral, but have deep concerns about using state funding to subsidize passenger hydrogen fueling stations or production of fossil fuel based hydrogen. **With amendments to change those components of SB 125, we would be in support of the bill** to incentivize the development of hydrogen fuel cell infrastructure for medium and heavy duty vehicles.

We strongly oppose using any incentives to promote hydrogen fuel cell infrastructure for light duty vehicles. Oregon policy and more importantly, the market, already have shifted to light duty electric vehicles and not toward light duty hydrogen fuel cell vehicles. Automakers have clearly chosen electric vehicles as the future with dozens of new models hitting the market every year. Unlike hydrogen, EVs can use the existing electric grid, which means they can be recharged wherever there's a plug - including in home garages, workplaces, stores and even light poles. From a climate perspective, renewable hydrogen is limited and expensive and should be incentivized for hard-to-decarbonize applications, not easy-to-electrify ones like passenger cars.

Despite all the advantages for EVs over hydrogen fuel cells, the market can do what it will do. But we don't believe it's a prudent use of state funds to start building hydrogen fueling stations at this stage. Oregon is also spending hundreds of millions of dollars (a large portion of that from the federal government) on building out a robust and complete electric charging network for light duty vehicles across the state over the next several years. That will continue to take sustained investment and effort. It would be ineffective and wasteful for Oregon to divert limited clean transportation funding toward building a parallel set of new fueling stations for a competing and to-date virtually nonexistent light duty hydrogen vehicle market.

Let's avoid following California's road to nowhere

California already tried this, pouring an enormous amount of money into it over decades, and we should learn from their experience. California has spent \$125 million and 17 years to build a struggling network of 50 public hydrogen fueling stations. The LA Times reported on how the



promised hydrogen highway there is now dubbed “a road to nowhere.”¹ Those California hydrogen fueling stations so frequently malfunction or run out of fuel that Toyota provides free towing and car rental service to drivers who purchase their hydrogen cars because getting stranded is a constant risk.

We don’t need to make a similarly bad bet with public dollars here in Oregon. Hydrogen fueling for large hydrogen trucks and buses, those that are medium and heavy duty fuel cell vehicles, is an important and worthy focus for our precious, limited state investment and our overall climate objectives. A hydrogen truck fueling station at a strategic point along I-5, for example, could be a valuable unlock for hydrogen fuel cell trucks up and down the West Coast. We ask that this bill be limited to focus on that purpose.

Focus on infrastructure, renewable hydrogen and green electrolytic hydrogen

Additionally, SB 125 should not allow incentivizing hydrogen production, but rather focus on the hydrogen fueling infrastructure investment. The unfortunate reality is that over 95% of the hydrogen produced in the US currently derives from fossil fuels. That dynamic needs to rapidly shift to hydrogen derived from renewable energy and green electrolytic hydrogen, which we’d like to see hydrogen incentives prioritize. This bill does not currently limit the incentives to those fossil-free, clean forms of hydrogen, so the last thing we want to see is these state funds support developing new production of fossil fuel-based hydrogen.

Requested amendments:

Accordingly, we ask that the bill’s definition of “fuel cell electric vehicle” in Sections 1(1) and 2(1) be limited to a “**medium or heavy duty** fuel cell electric vehicle” “that generates its own electricity by combining oxygen from the air with hydrogen from an onboard storage tank, emitting only water vapor and heat from the vehicle.”

We also ask that “**production**” of hydrogen fuel be deleted from incentivized project types in Section 1(3)(a).

Conditioned on the proposed amendments detailed above, Climate Solutions supports SB 125. Thank you for your consideration of these comments.

Sincerely,

Meredith Connolly
Oregon State Director

¹ LA Times, “Is California’s ‘Hydrogen Highway’ a road to nowhere?” August 10, 2021:
<https://www.latimes.com/politics/story/2021-08-10/hydrogen-highway-or-highway-to-nowhere>