Testimony of Modern Hydrogen in Opposition to Oregon Senate Bill 685

February 11, 2025

To the Honorable Members of the Senate Committee on Energy and Environment:

Modern Hydrogen appreciates the opportunity to provide testimony regarding Senate Bill 685. While we commend the bill's intent to enhance public transparency concerning hydrogen-related projects, we wish to express concerns about its potential unintended deceleration of decarbonization through the slowing of deployment of innovative distributed natural gas pyrolysis (DNG pyrolysis) technologies that remove carbon from methane.

Impact on Distributed Natural Gas Pyrolysis Deployment

As currently drafted, SB 685 appears to mandate customer notifications for each connection of hydrogen equipment to local distribution company (LDC) gas infrastructure. This requirement poses a substantial administrative burden that could inadvertently slow the deployment of DNG pyrolysis systems. We note that DNG pyrolysis does not involve adding new hydrogen to existing pipeline gas, but rather removes carbon from methane at or near the point of use. Through this distributed approach to gas decarbonization, DNG pyrolysis results in clean hydrogen being available on-site for low/no/negative (with varying renewable natural gas blends) carbon energy, powering activities that are difficult to electrify cost-effectively or quickly.

Oregon's Leadership Opportunity in DNG Pyrolysis

Modern Hydrogen is pleased to be working with NW Natural, a recognized industry leader in sustainability, on a first-of-a-kind DNG pyrolysis pilot project. Oregon has a unique opportunity to lead in this cutting-edge technology, which not only accelerates decarbonization but also creates economic benefits through job creation and investment in advanced manufacturing. However, this leadership position is not guaranteed. Other states—including Washington, Florida, California, New Jersey, New York, and Texas—also are actively competing to become hubs for this emerging industry. To attract and retain high-quality jobs and investments, Oregon needs policies that support, rather than hinder, the deployment of DNG pyrolysis technology. Unfortunately, SB 685 would pose obstacles to, rather than foster, gas decarbonization innovation.

20300 Woodinville Snohomish Rd, Suite B
Woodinville, WA 98072

Recommendations

To ensure Oregon remains competitive in this growing sector while maintaining transparency and safety, we offer the following recommendation:

1. Exempt DNG Pyrolysis from Hydrogen Reporting Requirements: SB 685 should recognize that DNG pyrolysis involves carbon *removal* from existing pipeline gas, rather than the addition of new hydrogen into the system. Adjusting notification requirements accordingly would prevent unnecessary barriers to deployment.

2. Streamline Notification Processes: More efficient annual notification reporting to the Oregon Public Utilities Commission (OPUC), where customers can obtain this information readily, on LDC hydrogen blending activities would improve public transparency without imposing undue regulatory burdens that could drive clean hydrogen projects and investments to other states.

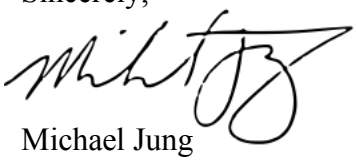
3. Support Oregon's Economic Leadership in Clean Hydrogen Manufacturing: Oregon has the opportunity to become a hub for DNG pyrolysis technology manufacturing and deployment, creating jobs and attracting investment. Complementary policy support – including inclusive clean hydrogen definitions, compatible air quality permitting pathways, solid carbon sequestration mechanisms, and economic development incentives – will be critical in securing a first-mover advantage for Oregon in this growing industry.

Conclusion

Modern Hydrogen is committed to working with Oregon policymakers, industry partners, and engaged stakeholders to advance a clean energy future. We urge the committee to amend SB 685 to avoid unnecessary impediments to deploying DNG pyrolysis, ensuring that Oregon remains a leader in decarbonization while also securing the economic benefits of this emerging industry.

Thank you for your consideration.

Sincerely,



Michael Jung

Government Affairs & Public Policy

20300 Woodinville Snohomish Rd, Suite B
Woodinville, WA 98072