

Restore the Delta
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Kirk DeJesus
Port Director
Port of Stockton

Diane Nguyen
Executive Director
San Joaquin Council of Governments

May 7, 2024

Re: Collaborating on Regional Hydrogen Economy Development

Dear Mr. Kirk DeJesus and Ms. Diane Nguyen:

Restore the Delta respectfully submits this letter to the Port of Stockton and the San Joaquin Council of Governments (SJCOG) as an interested stakeholder to advise on a comprehensive, inclusive regional economic development strategy surrounding hydrogen production, transport, and end uses.

Restore the Delta is a 501c3 research, education, advocacy, and policy nonprofit committed to restoring the Sacramento-San Joaquin Delta so that communities and ecosystems can thrive together with clean water and air. We are partnering with local, regional, state, and federal government, community-based organizations, and business leaders to chart an economic future for the Delta region that prioritizes energy justice, sustainable agriculture solutions, and community wealth generation. Accordingly, we evaluate carbon management and emerging energy industries in the San Joaquin Delta for environmental protections and community benefits. Our goal is to empower community groups to advocate for themselves for protective standards, transparency and inclusion in economic development projects.

With the growing threat of climate change and unprecedented federal investment in climate solutions, we have an enormous opportunity to reverse decades of environmental injustices done onto San Joaquin County communities. Our region can be a model for the energy transition for the rest of the country, but to get there, we have to commit to economic development planning practices that actively shift decision-making power to the communities who have been most harmed. This is extremely challenging interdisciplinary work that will take transparency, humility, courage, and patience.

Hydrogen is emerging as one of many solutions to transition our energy and transportation sectors away from fossil fuels, and so far, regional public planning has been far from equitable. At the time of writing, BayoTech's proposed gray hydrogen facility at the Port of Stockton is poised to move forward without an

environmental impact report, despite several unmitigated impacts we've detailed in a [letter submitted April 16, 2024](#). South Stockton community leaders are receiving requests¹ from hydrogen fueling companies to support funding proposals for hydrogen truck stops aiming to “decarbonize South Stockton,” predicated on deliveries from BayoTech’s fossil-based hydrogen project at the Port of Stockton, which has yet to be permitted. Meanwhile, a heavily federally subsidized (\$50M+) hydrogen project in west Lodi plans to produce hydrogen via electrolysis of wastewater at the White Slough Water Pollution Control facility, to be blended with natural gas for power generation at the Lodi Energy Center. Pacific Gas & Electric plans to [blend hydrogen deliveries from the site into an isolated natural gas transmission network](#) to serve as an “operational proving ground for hydrogen production pathways, pipeline transportation, storage, and combustion.”

In communications to South Stockton residents, private stakeholders are citing project alignment with the SJCOG’s [Alternative Fuels Vision Plan](#), released in September of 2023. The plan includes a county-wide inventory of infrastructure for charging EVs and fueling stations for vehicles powered by hydrogen, propane, Liquefied and Compressed Natural Gas (LNG and CNG), and identifies fueling infrastructure opportunities along major freight corridors and other regionally significant roadways. Notably, this study was not mentioned in the [Recirculated Draft Initial Study/Mitigated Negative Declaration](#) for BayoTech’s hydrogen facility proposal at the Port of Stockton. While SJCOG’s study details many useful considerations and recommendations for deployment of ZEVs, the report needs to be updated to significantly broaden community and stakeholder engagement and more thoroughly analyze environmental and public health impacts of alternative fuels strategies. Additionally, we implore SJCOG to accelerate its planning efforts in alignment with federal priorities currently moving rapidly to resource research, development, demonstration, and deployment of hydrogen technologies. We’ve outlined recommendations for next steps below.

- **Based on the scope of the planning exercise, SJCOG needs to cast a much wider net to consult community-based and environmental justice organizations.** The Alternative Fuels Vision Plan “aims to support the transition to clean transportation in an equitable way.” Of the nine [non-government organizations](#) consulted for the study, only two were community-serving organizations, and only one was based in San Joaquin County. The other seven entities were private energy companies (a green hydrogen producer and a renewable natural gas company), industry trade associations, and statewide advocacy and charity groups. Restore the Delta has traditionally been a resource for Delta communities and policymakers contemplating new research and economic development opportunities relevant to the region (a [recent survey](#) found we are the most trusted organization in the Delta). We would welcome the opportunity to provide more detailed input on the agency’s Alternative Fuel Vision Plan.
- **The study needs to be updated to include analysis on environmental and public health risks of various hydrogen development pathways under the proposed regional deployment scenarios (e.g. water intensity of electrolysis; natural resource constraints of fuel cell**

¹ [Copy of letter of support template](#) sent to South Stockton community leader by private company planning to develop hydrogen refueling infrastructure

manufacturing; air quality impacts of methane emissions; environmental safety risks of blending hydrogen, which is highly corrosive to steel, into natural gas pipelines, etc.). Such an analysis would have been helpful to prevent companies across the hydrogen supply chain from piecemealing the environmental impacts of their projects under CEQA. Moreover, seeing that BayoTech does appear to have an expanded business plan for delivery of hydrogen adjacent to the Port and potentially throughout San Joaquin County, we once again request that a full CEQA analysis be conducted to understand the downstream impacts of the project. We also wonder whether South Stockton and other pollution-burdened communities in San Joaquin County are aware that the highways surrounding their neighborhoods have been designated as priority corridors to accommodate compressed natural gas, liquefied natural gas, propane, and hydrogen production and fueling infrastructure. We find it concerning that the study promotes widespread adoption of methane- and petroleum-based fuels in a region that has been [out of compliance with federal air quality standards for decades](#). Methane and propane may burn cleaner than the diesel fuel they would ideally be replacing, however, environmental justice communities should understand the potential risks, public health benefits, and tradeoffs of each of these fuels, and then decide for themselves whether they'd like to grant companies a social license to operate. It is worth remembering that under [Justice40](#) standards new emerging industries are required to engage environmental justice communities to ensure 40% of benefits from federal investments are flowing to disadvantaged communities. To that end, the Department of Energy now requires specific, actionable, and measurable Community Benefits Plans as part of BIL and IRA funding opportunities.

- **SJCOG should consider coordinating with [Ava Community Energy](#) for regional ZEV planning.** Ava is a Community Choice Aggregation² agency serving as the default energy provider for Tracy, 13 East Bay cities, and Alameda County, with service to launch soon for Lathrop, Stockton, and unincorporated San Joaquin County. SJCOG should consider Ava as a potential implementation partner to address the barriers to ZEV adoption referenced in the study (e.g. transitioning process for fleets, lack of awareness, grid and transformer constraints to serve EV load, etc.). With a service area that includes major regional freight corridors, Ava has already been leading the charge on [heavy duty trucking electrification and charging infrastructure](#). Ava is also developing programs to enable equitable deployment of distributed energy resources, vehicle-grid integration strategies, and community resilience hubs, among other areas.

² Community Choice Aggregation, also known as Community Choice Energy or CCA, is a program enabled by state law that allows local governments to buy electricity at competitive rates on behalf of their residents and businesses, giving community members a choice in where their energy is sourced from. The investor-owned utility still owns the transmission and distribution grid infrastructure – the poles and wires – and delivers the electricity procured by the CCA to its customers. Many of the [24 Community Choice agencies in California](#), governed by boards made up of local elected officials, have developed innovative locally tailored programs to improve energy resilience and affordability for customers and support regional decarbonization planning.

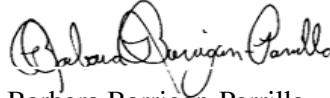
- **Restore the Delta seeks to join SJCOG’s collaborative committee to advise on ZEV transition planning.** The study recommended that SJCOG establish a committee to coordinate regional ZEV transition planning “across borders and boundaries of counties, cities, utility service territories, transit agencies and more.” We would welcome the opportunity to join this committee to offer environmental justice policy guidance for area local governments and planning agencies regarding production, transport, and end uses of hydrogen and other alternative fuels.

The community deserves the opportunity to become informed and shape regional economic development strategies that will impact us and our families for generations. Predicating the early development of hydrogen refueling infrastructure in San Joaquin County on deliveries from a new steam methane reforming project is counterproductive to local, state³, and federal climate goals. Working with EJ, labor, and other community stakeholders, the Port of Stockton can set the table for a diversity of new hydrogen production methods to create competition for the cleanest and most efficient pathways. SJCOG can consult a broader set of community-based advisors to continue determining the role hydrogen should play in regional transportation systems. Our public agencies can hold private companies accountable to transparency and accommodate the needs of community leaders who have been bearing the brunt of environmental injustices for decades. We look forward to the opportunity to collaborate on regional energy transition planning rooted in environmental and economic justice.

Sincerely,



Davis Harper
Carbon and Energy Program Manager



Barbara Barrigan-Parrilla
Executive Director



Esther Mburu
Carbon Policy Analyst

Cc:

Jeff Wingfield, Deputy Port Director-Regulatory and Public Affairs, Port of Stockton
Kim Anderson, Deputy Director, Planning, San Joaquin Council of Governments
Catharine Reid, Chief Marketing Officer, BayoTech
Will Kelly, Executive Director, North Valley Labor Federation
Ann Rogan, Founder/CEO, Edge Collaborative
Jeff Berkheimer, Electric Utility Director, City of Lodi

³ The [Alliance for Renewable Clean Hydrogen Energy Systems \(ARCHES\)](#) is a public-private partnership that was “created to facilitate California’s transition to renewable, clean hydrogen (H₂) energy while ensuring environmental and energy justice and equity, quality of life for our citizens and communities, and good green high-road careers for our workers.” Notably, ARCHES is prioritizing renewable electricity and biogenic feedstocks for hydrogen production, as opposed to fossil fuels.

Harry Black, City Manager, City of Stockton

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