Information Solicitation to Inform Fuel Cell NEM Emissions Standards Evaluation

I. Background and Purpose

The California Air Resources Board (CARB) is soliciting feedback to inform implementation of annual greenhouse gas standards for *fuel cell systems* connected under the California Public Utilities Commission's (CPUC) *Net Energy Metering (NEM) tariff* for fuel cells (CPUC NEMFC). The CPUC NEMFC was established by Assembly Bill (AB) 1214 (Firebaugh, Chapter 661, Statutes of 2003), modified by AB 1637 (Low, Chapter 658, Statutes of 2016), and further modified by SB 155 (Chapter 258, Statutes of 2021).

AB 1637 directed CARB to establish a schedule of greenhouse gas emissions standards for connected fuel cells and mandated that connected fuel cells meet the same requirements for criteria pollutants set in CARB's Distributed Generation Certification Program. In 2017, CARB adopted the *Fuel Cell Net Energy Metering Greenhouse Gas Emission Standards Regulation* (Fuel Cell NEM Regulation) which included annual mandatory emissions standards for 2017-2022. Beyond 2022, the regulation provides that CARB will update the standards every 3 years using the methodology defined in the regulation. *CPUC Decision D.23-11-068* approved a staff proposal that directed modifications to the NEMFC tariffs.

There may be alternative methodologies and data sources for updating the annual emissions standards. One such method for calculating the marginal emissions rate is to use the marginal emissions rate outputs in the CPUC Avoided Cost Calculator (approved by CPUC Resolution E-5328 in accordance with D.24-08-007), which is currently used for export compensation within the Net Billing Tariff (D.22-12-056).

In early 2025, CARB committed to open a public process to evaluate new data and, as necessary, update the schedule of annual GHG emission standards set under the Fuel Cell NEM Regulation. To support CARB's evaluation, this solicitation for feedback seeks public input on the questions below and will be open for 45 days, with comments due no later than January 9th, 2026. In responding to the questions below, where possible, please reference the question number with the correlated response. All responses received will be made publicly available unless marked as confidential business information or trade secret.

Submit Comments: *https://ww2.arb.ca.gov/public-comments/information-solicitation-inform-fuel-cell-nem-emission-standards-evaluation*

Comment Deadline: January 9, 2026

II. Feedback Questions

1. Is the current approach to setting FCNEM standards based on the marginal emissions rate of the electric grid still the appropriate approach? If not, is there a specific change or

alternative approach that meets the requirements of the legislation that you would suggest CARB consider? If proposing a change or alternative, please provide information regarding data sources supporting calculations.

2. What data sources most accurately reflect the marginal emissions rate of California's grid? In responding, please note whether these data sources have precedent for use in rate setting and/or bill credit compensation and if yes, please provide specific information on these uses.

3. Should the FCNEM standards continue to be based on the proportion of the year that renewable resources are operating on the margin? What data sources more accurately reflect the proportion of the year that renewables are operating on the margin?

4. Should factors aside from the marginal emissions rate of the grid and proportion of the year that renewable resources are operating on the margin be used to determine the GHG emissions standards for FCNEM?

5. What are expected trends in data sources that could support calculation of GHG emission standards in the foreseeable future?