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June 27, 2024

Rajinder Sahota
Chief, Industrial Strategies Division
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Comments submitted electronically

RE: Comments Related to the May 31st, 2024, Cap-and-Trade Amendment Workshop

Dear Ms. Sahota,

Air Products is pleased to provide comments in support of the California Air Resources Board's (CARB) rulemaking for the Cap-and-Trade regulation (C&T). We support California's climate goals and believe that Air Products can be instrumental in helping California with the energy transition needed to meet the State's objectives and address global climate change. Hydrogen will play a critical role in the clean energy transition and reducing greenhouse gas (GHG) emissions of sources covered by the emissions cap in California including in the transportation, heavy industrial, and power sectors.

Air Products is the only U.S.-based global industrial gas company and the world's largest hydrogen producer and supplier for use in numerous markets, including transportation. Within California, the company safely operates 10 hydrogen production facilities, approximately 30 miles of hydrogen pipeline and currently supplies and operates a network of light-duty and heavy-duty hydrogen fueling stations, facilitating the transition to zero-emission transportation. Our existing hydrogen production facilities are subject to the Cap-and-Trade regulation.

Air Products has publicly announced our world-leading commitment to invest \$15 billion by 2027 to develop new, clean, and renewable hydrogen supply. These investments are already underway and many of them will provide low carbon fuel and hydrogen for the California market.

Industry Allocation

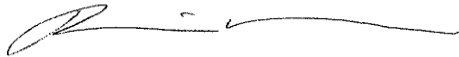
While we understand the concept that CARB is proposing to provide a single benchmark for both fossil and bio-refinery products, we want to ensure that any on-purpose hydrogen production benchmarks for these facilities (gaseous or liquid) are the same regardless of whether the on-purpose hydrogen is provided to the obligated entity by a separate third-party entity or generated within the fence line of the obligated facility (fossil or bio-refinery). It is important that all hydrogen production receives the same benchmark to encourage emission reductions equally and to ensure a level competitive playing field. This treatment of hydrogen has been supported by CARB in the regulation under the "one product-one benchmark" concept and this approach should continue while the new benchmarks for liquid hydrocarbon products are created.

MRR Hydrogen Enhanced Reporting Requirements

Air Products understands that based on the slide presentation at the workshop, CARB wants to enhance reporting of hydrogen that is both produced in the state and imported so that the progress developing lower carbon intensity hydrogen is progressing consistent with the 2022 Scoping Plan projection. We generally support this approach but are hopeful that to the extent such hydrogen supplies are being used in the mobility market, the reporting requirements can align with what is already required by the Low Carbon Fuel Standard to reduce any incremental administrative burden. We look forward to CARB presenting more details on this proposal in the future.

Air Products appreciates the opportunity to provide this feedback. Please feel free to contact me by phone (916-860-9378) or email hellermt@airproducts.com.

Respectfully,

A handwritten signature in black ink, appearing to read "Miles Heller", with a long horizontal flourish extending to the right.

Miles Heller
Director, Greenhouse Gas Government Policy