**Bill Summary**

**AB 35 – Clean Hydrogen Review Efficiency Act**

AB 35 seeks to provide streamlined review under the California Environmental Quality Act (CEQA) for clean hydrogen transportation projects, which involve the transportation of hydrogen through pipelines.
Criteria for Eligible Projects:

* ***Clean hydrogen must be produced without using fossil fuels.***
* ***All or part of the project must receive federal or state funding or be part of ARCHES’ hydrogen hub application.***
* ***Projects must meet specific labor and workforce requirements.***
* ***Projects must result in significant environmental and greenhouse gas reduction benefits.***

**Problem**

CEQA has been a cornerstone of environmental protection in California since its enactment in 1970. While CEQA implementation can lead to thoughtful project development, implementation has also produced to lengthy reviews and potential legal challenges, which can further delay projects. That includes those projects with significant environmental benefits or those that further the California’s decarbonization policies. Here are some of the issues:

1. The **CEQA review process can be very time-consuming and complicated.** It often involves multiple layers of review and extensive documentation, which can delay even beneficial projects significantly. Projects requiring an environmental impact report take about one to three years longer to process than those relying on a negative declaration or exemption.
2. The extensive documentation and potential legal battles associated with **CEQA can increase project costs and financing risks.**
3. CEQA has been cited as a significant barrier to building new infrastructure in California. **The lengthy review process and potential for litigation can delay or prevent the construction of much-needed infrastructure, delaying the ability to address the state's climate problems.**

**Benefits**

CEQA permit streamlining is needed for several reasons, especially in the context of clean hydrogen transportation projects:

* Streamlining the permit process helps reduce the time required to get projects approved and operational. This is crucial for advancing clean energy technologies as quickly and efficiently as possible, and to support the broader goals of reducing greenhouse gas emissions and combating climate change.
* Streamlining simplifies the processes, reducing bureaucratic delays and making it easier for projects to move forward, while still ensuring the same level of environmental protections.
* A more predictable and efficient permitting process can attract more investment from both public and private sectors. Investors are more likely to fund projects that have a clear and expedited path to approval.
* Faster project approvals can lead to quicker job creation and economic benefits. Construction and operation of clean hydrogen infrastructure can provide significant employment opportunities and stimulate local economies.
* The streamlined permitting process will reduce project costs, which can translate into lower energy costs for consumers. By making clean hydrogen transportation projects more economically viable, the bill supports the broader adoption of clean energy solutions, enhancing both energy affordability and reliability.

**Solution**

The goal of AB 35 is to facilitate the development of clean hydrogen infrastructure while ensuring environmental protections and addressing environmental justice concerns. This can be achieved by looking to existing CEQA streamlining precedent and right-sizing the CEQA review process for the projects to be reviewed:

* *Clean Hydrogen Environmental Assessment*: Applications for discretionary permits for clean renewable hydrogen transportation projects will be reviewed through a new “clean hydrogen environmental assessment.” Consistent with CEQA’s underlying objectives, this assessment focuses on identifying and mitigating significant environmental impacts without the need for analyzing project alternatives, simplifying the review process for those projects that have already met AB 35’s rigorous criteria.
* *Timelines for Review and Approval*: The lead agency is required to determine the completeness of an application within 30 days of submission. Once deemed complete, the agency has up to 270 days to act on the clean hydrogen environmental assessment and issue the necessary permits. This timeline can be extended under specific conditions, such as substantial project changes or new significant environmental information.
* *Environmental Justice Assessment*: The clean hydrogen environmental assessment must include an environmental justice assessment to identify potential significant or disproportionate impacts on communities and suggest strategies to mitigate these impacts.
* *Public Participation*: A draft of the clean hydrogen environmental assessment will be circulated for public comment for at least 30 days, enabling community involvement and transparency in the review process.
* *Judicial Review*: Consistent with other CEQA streamlining legislation, any legal challenges to the approval of a clean hydrogen environmental assessment or the issuance of permits must be resolved within 270 days of filing, to the extent feasible, thereby reducing potential delays from litigation.

**Support**

* SoCalGas

**For More Information**

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