

STAFF REPORT

City of Lancaster

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12/10/2024
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Date: December 10, 2024

To: Mayor Parris and City Council Members

From: Jason Caudle, Chief Executive Officer, Lancaster Energy
Chenin Dow, Assistant Director

Subject: Consideration of a Joint Exercise of Powers Agreement with the City of Industry for the First Public Hydrogen Authority.

Recommendation:

1. Approve a Joint Exercise of Powers Agreement with the City of Industry to form the First Public Hydrogen Authority (FPH₂).
2. Authorize the City Manager, or his designee, to finalize and execute any related documents in a form approved by the City Attorney.

G.C. Section 84308: No

Fiscal Impact:

None.

Background:

Under the visionary leadership of Mayor R. Rex Parris and the Lancaster City Council, the City of Lancaster has become well-known around the globe as an innovator and leader in renewable energy. Following his election in 2008, Mayor Parris made the adoption of renewable energy a top priority for the City. Lancaster sought private partners who were prepared to deploy cutting-edge solar and energy efficiency technologies, streamlined and expedited permitting for renewable projects, and prioritized renewable energy in terms of zoning and community development efforts.

In 2013, Lancaster succeeded in attracting BYD – now known as Ride – the first-ever China-based vehicle company to establish a manufacturing facility in North America. This brought investment, hundreds of jobs, and new opportunities in renewable energy to our community. This included the “Home of the Future,” a partnership between BYD, the City, and KB Home, featuring state-

of-the-art battery, solar and energy efficiency technology. This also led to the Antelope Valley Transit Authority's implementation of an all-electric bus fleet, the first of its kind in the nation.

Lancaster's successes continued with the launch of Lancaster Choice Energy (LCE), the first municipal community choice aggregator (CCA) in California. LCE facilitated the adoption of renewable energy at the local level, as well as local control over the power mix and electricity rates. Shortly thereafter, the City formed the California Choice Energy Authority to expand these benefits to fellow California cities, lending expertise to ease the CCA formation process while also creating economies of scale to reduce costs for member CCAs.

As a result of these efforts, Lancaster became the first net-zero city in the world in 2019, producing more renewable energy within its boundaries than it consumes.

Today, the City has quickly emerged as a leader in hydrogen energy. In 2022, Lancaster was selected alongside Namie Town, Japan in a global competition as the first cohort of H2 Twin Cities awardees by the United States Department of Energy and Japan's Clean Energy Ministerial. Together with the County of Hawai'i, Hawaii, these cities have formed the Pacific Hydrogen Alliance to develop and deploy hydrogen energy solutions at the municipal level. In addition, Lancaster has established a series of public-private partnerships for the development of pilot and utility-scale hydrogen projects.

Lancaster has found a kindred spirit in the City of Industry. Industry too has seized upon the incredible opportunity hydrogen energy represents in combating climate change. Hydrogen is widely recognized for its tremendous potential to become the energy source of the future, generating near-zero greenhouse gas emissions.

Industry Public Utilities (IPA) operates a municipal electric service system, providing local control over the renewable energy content of the power provided to its users along with unique opportunities to adopt hydrogen energy. Industry has also established a partnership with Nuvera Fuel Cells to pilot the firm's first operational Hydro Charge unit, a cutting-edge hydrogen-powered fast charger for on-site power and electric vehicle charging. Additionally, Foothill Transit is deploying hydrogen-powered buses to ensure cleaner air throughout the San Gabriel Valley.

These innovative municipal leaders now have the opportunity to partner to take the next step in the evolution of municipal hydrogen energy. Together, with the Council's approval, the Cities will form the First Public Hydrogen Authority ("FPH₂"). As its name indicates, FPH₂ would be the first of its kind in the United States. Through this joint power's authority, the participating cities will make history in the adoption and deployment of renewable energy.

To achieve this goal, the cities would enter into the proposed Joint Exercise of Powers Agreement for the First Public Hydrogen Authority. FPH₂ aims to bridge the gap between renewable hydrogen producers and users. By aggregating supply and demand, FPH₂ will create a transparent process to streamline transactions and accelerate the growth of the renewable hydrogen economy.

FPH₂ will focus on 100% green projects. This approach will not only build trust, but also ensure better air quality, high-paying jobs – often without degree requirements – and economic growth through next-generation technological innovation for the communities it serves.

Industry and Lancaster are ideal partners in this endeavor. FPH₂ will connect renewable energy producers with end users, facilitating the deployment of what is perhaps the cleanest energy source

available today. Lancaster, stretching 92 square miles in northern Los Angeles County, will be home to a variety of utility-scale hydrogen production facilities. Industry, long known as one of the foremost economic hubs in Southern California, is ideally positioned to serve as the transit center for the hydrogen produced in Lancaster. With easy access to the Union Pacific and Southern Pacific transcontinental railroads, the West Coast's largest seaports, five airports, four major freeways, and served by more than 50 major trucking lines, Industry's role will be pivotal in the delivery and adoption of hydrogen energy.

This partnership has incredible potential to not only further solidify the cities' status as vital leaders in renewable energy, but also to make history in the ongoing battle against climate change.

Attachment:

Joint Exercise of Powers Agreement for the First Public Hydrogen Authority.