

Bulletin 2022-05

March 25, 2022

Hydrogen inquiry

The AUC is opening an inquiry on matters relating to hydrogen blending in natural gas distribution systems.

On November 5, 2021, the government of Alberta released the Hydrogen Roadmap identifying the province as being well-positioned to participate in the evolving global hydrogen economy. The Hydrogen Roadmap recognized that the adoption of clean hydrogen has the potential to significantly reduce greenhouse gas emissions by 2030, with the province enabling hydrogen blending into natural gas distribution systems as one method to reduce greenhouse gas emissions.

On March 23, 2022, the government of Alberta issued an order-in-council directing the Alberta Utilities Commission (AUC) to inquire into and report to the Minister of Energy on matters relating to hydrogen blending into natural gas distribution systems.

Scope of the AUC's hydrogen inquiry

The scope of the inquiry will include the AUC gathering information and making findings or providing observations or considering options on:

- The role of regulated natural gas distribution systems and unregulated competitive markets for hydrogen blending into natural gas distribution systems up to 20 per cent blending by volume.
- The impacts of blended hydrogen into low-pressure natural gas distribution systems, including:
 - Impacts on the delivery of services to municipal and rural natural gas consumers.
 - Competitive retail impacts.
 - Potential rate impacts.
 - Impacts on utility cost recovery for hydrogen blending, with reference to Section 37 of the *Gas Utilities Act* and any other relevant legislation, including the *Public Utilities Act*.
- The safe and reliable delivery of blended hydrogen through natural gas distribution systems, including potential harmonization with municipal or other relevant safety standards.
- Addressing regulatory ambiguity, removing unnecessary regulatory barriers, and improving certainty as required to enable hydrogen blending into natural gas distribution systems.
- Areas for future study relating to hydrogen blending into natural gas distribution systems.

The inquiry will explore the following key issues related to hydrogen in natural gas distribution systems:

- Legislation.
- Delivery of services to municipal and rural natural gas consumers.
- Safety.
- Blending standards and thresholds.
- Competition and franchises issues.
- Factors that regulatory agencies should consider when assessing hydrogen blending projects and costs.
- Rate impacts related to capital and commodity cost treatment.
- Rate impacts related to cost allocation.
- Other issues.

The AUC considers the following topics to be out of scope:

- Pure hydrogen distribution systems.
- Emission targets that should be established.
- The blending of hydrogen in high-pressure natural gas utility pipelines.
- Pure hydrogen pipelines serving industrial customers.
- Downstream of the meter appliance hydrogen safety under oversight of Alberta Municipal Affairs.
- Renewable natural gas.

Participation

Parties intending to participate in this inquiry must register by filing a statement of intent to participate in Proceeding 27256. The AUC will not determine standing in this proceeding and parties may submit their written comments at the same time they register to participate. The AUC has prepared a [comment matrix for hydrogen inquiry submissions](#), organized by key issue, to guide parties in their submissions. The AUC requests that comments from interested stakeholders be limited to the scope of the inquiry.

The AUC will allow parties the opportunity to reply to other parties' submissions and has established the following schedule:

Process step	Date (by 4 p.m.)
Statement of intent to participate and written comments	April 19, 2022
Written reply comments	April 26, 2022
Deadline for AUC to submit its report to the Minister of Energy	June 30, 2022

If a party is represented by another party, the contact information for that representative should be included. If comments are being made on behalf of a group, the contact person for the group and the details of the group members should be provided. Parties with similar interests are encouraged to participate as a group.

To file comments in this proceeding, please visit our website and log in to the eFiling System, go to Proceeding 27256, and register to participate under the “registered parties” tab. Alternatively, please contact us at 310-4AUC (310-4282) in Alberta or info@auc.ab.ca for more information or assistance with filing your comments.

Please contact Brian Shand at 403-592-4434 or by email at brian.shand@auc.ab.ca or Mark McJannet at 403-592-4412 or by email at mark.mcjannet@auc.ab.ca if you have any questions.

Alberta Utilities Commission