

**COMMENTS OF FLEXENERGY INC. IN RESPONSE TO CALIFORNIA
ENERGY COMMISSION MAY 9TH WORKSHOP ON LOCALIZED
RENEWABLE GENERATION**

DOCKET

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I. Introduction

FlexEnergy Inc. (“Flex”), based in Irvine, California, is one of the two largest manufacturers of microturbines in the world.¹ In December 2010, Flex acquired the Energy Systems business of Ingersoll Rand, which included Ingersoll Rand’s microturbine and recuperator manufacturing facilities and service infrastructure. Flex is committed to developing the cleanest power platforms in the world, including the Flex MT250 Microturbine (previously known as the Ingersoll Rand MT250) and the Flex FP250 Powerstation (which integrates the 250 kilowatt microturbine with Flex’s patented Gradual Oxidation technology). Both the MT250 and FP250 can utilize renewable landfill and digester methane to generate baseload energy and dramatically reduce greenhouse gas emissions.

Flex appreciates the continued efforts of the California Energy Commission (“CEC”) to carry out Governor Brown’s goal of building 12,000 Megawatts of Localized Electricity Generation. Towards this goal, Flex believes its technologies can help in two significant ways:

1. Flex believes that the ultra-clean utilization of renewable methane in California can provide between 1,000-2,000 megawatts of electricity. “Ultra-clean” is defined herein as meeting or exceeding the California Air Resources Board (“CARB”) waste gas emission standards set to begin on January 1, 2013. These standards set a maximum allowable level of nitrogen oxides (NOx) emissions at 0.07 lbs/MWh.
2. Flex is hopeful that the CEC and Governor’s Office will foster the continued growth of natural gas Combined Heat & Power (“CHP”) projects within the state. While natural gas has not been considered a “renewable” fuel, natural gas combustion produces significantly lower carbon emissions than coal combustion, enhancing California’s ability to meet carbon reduction goals. Flex MT250, certified to the CARB 2007 Distributed Generation Standards, is ready for expanded deployment to continue the push for local, clean distributed power.

II. Methane

According to the United States Environmental Protection Agency (“US EPA”), methane (CH₄) is a greenhouse gas that remains in the atmosphere for approximately 9-15 years.²

¹ The world’s other primary microturbine manufacturer is Capstone Turbine Corporation, based in Chatsworth, California. Given that the two largest microturbine manufacturers are headquartered in California, the success of this market could have significant consequences for economic growth in our state.

² <http://www.epa.gov/methane/>

Methane is over 20 times more effective in trapping heat in the atmosphere than carbon dioxide (CO₂) over a 100-year period and is emitted from a variety of natural and human-influenced sources. Human-influenced sources include landfills, natural gas and petroleum systems, agricultural activities, coal mining, stationary and mobile combustion, wastewater treatment, and certain industrial processes.

Methane is also a primary constituent of natural gas and an important energy source. As a result, efforts to prevent or utilize methane emissions can provide significant energy, economic and environmental benefits. California law already recognizes landfill and digester methane as a renewable source of energy. We believe that Flex's new FP250 technology, as well as certain fuel cell-based technology, provides the first opportunity to enable the ultra-clean utilization of these waste gases.

III. Flex FP250 Powerstation

The Flex FP250 Powerstation integrates the MT250 Microturbine³ with Flex's patented Gradual Oxidation technology. The FP250 is the first power system that, by engineering design, dilutes gases to 1.5% to produce electricity. The FP250 controls the oxidation process in such a manner that the exhaust emissions profile is less than 1 ppm NO_x and zero CO. Accordingly, the FP250 has the potential to generate clean distributed electricity from the vast quantities of existing waste gas and to eliminate much of the need for the flaring and venting of methane in California.

Traditional Landfill Gas to Energy ("LFGTE") technologies, such as internal combustion engines, can run on gases with methane percentages of 35% or greater. Most low-Btu gases (with methane percentages below 35%) are either flared or vented into the atmosphere. The FP250 is an integrated system that runs directly on low-pressure, low-energy content fuel gas.

While flaring or oxidizing low-Btu methane gas reduces its negative impact on the environment, these activities do not generate any value from the production of electricity. The destruction of methane may also require the continuous purchase of supplemental natural gas in order to destroy such gases.

³ The Flex MT250 Microturbine uses natural gas or methane with a wide range of energy content, including landfill and digester gases. The MT250 complies with the CARB 2008 emission limits for distributed generation.

IV. Conclusion

As California aims to build 12,000 Megawatts of Localized Electricity Generation, Flex looks forward to remaining engaged in discussions with appropriate stakeholders to quantify the benefits of renewable methane and CHP projects and properly integrate these projects into our Localized Energy Generation goals.

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Respectfully submitted,

/s/ Joseph Perry

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