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February 25, 2010

Via Electronic Mail – docket@energy.state.ca.us

Lisa Baroody, California Energy Commission  
Project Manager  
Advisory Committee for the Alternative and  
Renewable Fuel and Vehicle Technology Program  
1516 9th Street  
Sacramento, CA 95814 -5512

<b>DOCKET</b>	
<b>09-ALT-1</b>	
DATE	<u>FEB 25 2010</u>
RECD.	<u>FEB 25 2010</u>

**SUBJECT: Docket No. 09-ALT-1**

**Advisory Committee Meeting re: 2010-2011 Draft Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program**

Dear Ms. Baroody and Members of the Advisory Committee:

Please accept these comments on behalf of Daimler's Fuel Cell Vehicle Program. We are pleased that the CEC plans a hydrogen solicitation for \$22 million, tentatively scheduled for release within the next month. We understand that this solicitation will use funds from the 2008-2009 Investment Plan to build publicly accessible and retail-oriented stations and to support transit applications. This funding will help ensure that the first fuel cell vehicle customers in the six early market communities (Northern and Southern California) have sufficiently convenient and accessible retail hydrogen fueling.

We also understand that \$14 million is slated for H2 fueling projects in the 2010-11 Draft Investment Plan. Again, this is a good start and, while we believe this isn't sufficient to meet the expected needs of ours and our competitors' H2 customer base in the long term, we are grateful for the consideration.

Moreover, we support the comments made Feb. 11, 2010, at the Advisory Committee workshop by the California Fuel Cell Partnership. Those comments highlighted the Partnership's hydrogen fueling and vehicle deployment "Action Plan," published in February 2009. The Action Plan calls for 40 new hydrogen stations by 2014 to provide fuel for thousands of FCVs and up to 100 buses.





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The Partnership estimates the cost of deploying this Action Plan at \$180 million in industry and government funding. While the allocations of \$22 million (2009 Investment Plan) and \$14 million (2010-11 Investment Plan) are welcome, these amounts should not be viewed as sufficient to provide certainty that there will be adequate H2 fueling infrastructure for long-term hydrogen fuel cell vehicle consumer success.

The funds should not be dedicated to building stations alone but should at least partly be focused on sustaining operations or upgrading existing stations. We expect there will be further allotments for H2 fueling infrastructure in future years during the life of the AB 118 Alternative and Renewable Fuel and Vehicle Technology Program.

As for the near-term outlook for H2 vehicle commercialization, Daimler points to the Fuel Cell Partnership's Action Plan. This plan is based on a survey of automotive members conducted at the end of 2008, which CEC has referenced in the 2010-2011 Investment Plan. Daimler was a survey participant and endorses the vehicle fleet deployment numbers outlined in the Action Plan, and the updated survey results to be released very soon.

Daimler is committed to commercialize FCVs in California. Our commercialization program began with a demonstration program over the past several years, with consumer leases/sales scheduled to start this year in numbers consistent with those outlined in the action plan.

As well, we expect larger volume consumer acceptance each year as the program moves forward, very much in line with the deployment numbers outlined in the Action Plan. As such, the ultimate success of our investment in zero-carbon vehicles will depend on a reliable supply of hydrogen sold at reasonable prices and available at reasonably numerous and conveniently accessible retail locations.

All the fuelling stations should be built following the new standard, namely SAE TIR J2601 in order to meet customer expectation of easy refueling.

Specific to the 2010-11 Investment Plan, we support the California Fuel Cell Partnership's comments of Feb. 11 made at the Advisory Committee workshop:

- Appendix C identifies four early market communities in Southern California and uses the CaFCP's action plan map. CaFCP's action plan includes Northern California as well, with early market communities for passenger vehicles and transit buses in the San Francisco Bay Area and Sacramento.





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- Appendix C lists the status of hydrogen fuel stations in California, along with an analysis of hydrogen fuel demand and capacity. Based on CaFCP's knowledge of current and planned hydrogen stations, its analysis projects lower hydrogen supply in each of the years 2010-2014 compared to CEC's assessment.
- The time required to establish a new hydrogen station must include the process of planning, partnering, funding and contracting (e.g. between business and government entities) in addition to the design, permitting and construction process. Based on experience with past projects, CEC should allow two years between solicitation and station opening.

Thank you for considering our comments. We look forward to working with your staff, and welcome any opportunity to speak directly with your staff about our deployment plans.

Very truly yours,

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