



DOCKET

09-ALT-1

DATE MAY 17 2010

RECD. MAY 17 2010

May 17, 2010

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 09-ALT-1
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: Docket 09-ALT-1, 2010-2011 Investment Plan

Dear California Energy Commission,

Thank you for the opportunity to comment on the Revised Draft Staff Report of the 2010-2011 Alternative and Renewable Fuel and Vehicle Technology Program. We would like to commend you and staff on the hard work and thought that went into producing the comprehensive document.

In hopes of strengthening the final product, its implementation, and the continuation of the AB 118 program, we submit the following comments for your review and consideration:

General Comments:

1. As discussed in the April 6, 2010 letter from NRDC, UCS, CEERT, ALA and EIN, we would like to reiterate the benefit of making specific information about the current successes of the AB 118 program publically available so that we can communicate the merits and successes of the program to the Legislature, the public and other stakeholders. Specifically, we are interested in quantifying the following program benefits:

- Greenhouse gas emissions
- Employment/jobs/workforce development
- Petroleum reduction benefits
- Number of projects and resulting benefits to economically disadvantaged regions in California

Hydrogen Comments:

2. While we cannot comment with authority on the sufficiency of \$14 million to meet hydrogen infrastructure build out demand, we want to stress the importance of continuing to work closely with stakeholders such as the California Fuel Cell Partnership, the California Hydrogen Business Council and OEMs to ensure that progress is not stunted for the critical growth

www.einow.org

120 E. De La Guerra St., Suite B Santa Barbara, CA 93101 805.899.3399 Fax 805.899.3388



period addressed in the 2010-2011 Investment Plan. Along these lines, it is important to avoid delay on releasing the next round of solicitations. Prolonged delays, as in the case of the current solicitation (now expected in May 2010), can make it difficult for stakeholders to plan and have stations in ground in time to meet OEM projected demand and vehicle deployment.

3. The Investment Plan rightly addresses the need for more publically available fueling stations, and no money should be diverted from station installation. However, we believe that the plan misses the potential to open AB 118 money to the centralized production of hydrogen from renewable feedstocks. In particular, funds could be used to develop a centralized renewable hydrogen production facility constructed to feed retail and/or transit hydrogen stations. Such a facility could take advantage of economies of scale to accelerate investment payback, demonstrate the indisputable climate benefits the hydrogen platform can offer, and help reach the performance targets established in SB 1505. Likewise, we urge the commission, in designing the solicitations, to incorporate the possibility of alternative station designs which attempt to included combined heat, power and hydrogen facilities. These approaches to providing fuel are promising from a commercial standpoint, and may require different ownership arrangements than traditional stations.
4. The April 2010 California Fuel Cell Partnership Action Plan Update calls out the need for stations in the Sacramento and San Francisco Bay Areas in addition to those planned in southern California. However, the Investment Plan appears to de-emphasize these northern California areas. In order to best leverage industry plans and strategy, the Plan should open the door for potential investment in all planned hydrogen cluster areas.
5. Fuel Cell Buses offer one the most effective platforms to deliver zero emissions benefits to underprivileged communities. While fueling for a transit station is addressed under the current Investment Plan, further funding for hydrogen transit fueling stations is not, nor is funding for deployments of fuel cell buses themselves. The Plan would benefit from calling out the possibility of funding of fuel cell transit buses and the stations to support them.
6. On page 32, the Draft Plan discusses the costs of fuel cell vehicles (FCVs) (footnote 73). While it is true that today's vehicles embody a significant price premium, FCVs currently being offered in limited lease deployments have cost-competitive lease rates today, and at least one OEM expects to be able to



sell its 2015 retail FCV at approximately \$50,000 without taking a loss.¹ Finally, it is important to emphasize that the FCVs that will be deployed in 2011 – 2015 timeframe are not R&D vehicles for demonstration purposes, rather they are the first phases of deployments to real customers.

Battery Electric Vehicle:

7. As with the deployment of hydrogen infrastructure, we encourage the CEC to continue working closely with OEMs and other stakeholders to match program funds to the planned rollout of electric drive vehicles. To the extent possible, we encourage the CEC to use the program to incentivize off-peak charging, including consumer incentives for home charging. We suspect that the \$3 million allocated in the current draft Plan will need to be augmented to support the projected EV fleet.
8. In an effort to facilitate removal of barriers to adoption of electric vehicles, we recommend the Investment Plan consider making funding for EV charging infrastructure available to cities and counties conditional upon their commitment to adoption of best practices and model ordinances for installation of both public and home charging, and a commitment to training of code and permit officials for authorities having jurisdiction.

Sustainability:

9. The 2010-2011 Investment Plan should include the sustainability evaluation criteria included on pages 42 and 43 of the 2009-2010 Investment Plan. The 2010-2011 Plan states that “ARB’s Low Carbon Fuel Standard (LCFS) carbon intensity and sustainability requirements will ensure that future imported renewable fuels are sustainably grown and provide lower carbon intensity”(pg. 57), but omits the sustainability evaluation criteria presented in the first Investment Plan. While the LCFS should play a pivotal role in ensuring the delivery of sustainable fuel, we believe the sustainability evaluation criteria should be included and employed in each new investment plan and solicitation. The explicit inclusion and employment of these criteria will help ensure that projects enabled by AB 118 funding meet the sustainability goals inherent to the program.

We sincerely appreciate the staff’s achievement in producing this thorough Revised Draft Report and the opportunity to provide constructive comments. We look forward to continuing to work with staff to ensure effective implementation of this critical program.

¹ As reported by Bloomberg News on May 6, 2010 after interviewing Yoshihiko Masuda, Toyota’s managing director for advanced autos:

<http://www.bloomberg.com/apps/news?pid=20601093&sid=azCZYWf83AeM>



Sincerely,

A handwritten signature in blue ink, appearing to read "D. Emmett".

Daniel Emmett
AB 118 Advisory Committee Member
Executive Director
Energy Independence Now

www.einow.org

120 E. De La Guerra St., Suite B Santa Barbara, CA 93101 805.899.3399 Fax 805.899.3388