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DOCKET

02-REN-1038

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April 15, 2011

California Energy Commission
Dockets Office, MS-4
Re: Docket # 02-REN-1038
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Staff Workshop on Proposed Changes to the Emerging Renewables Program Guidebook

Thank you for putting together yesterday's meeting for discussion of proposals for the potential changes to the Emerging Renewables Program. It was most informative and we are pleased to have participated via the web meeting. We appreciate the opportunity to submit comments for your consideration.

ReliOn is a U.S. manufacturer of fuel cell power systems with a field office based in Sacramento, and a significant percentage of our ownership held by California-based investment groups. Currently, we are marketing a range of stationary fuel cells for emergency and backup power requirements, uninterruptible power supplies, digital power needs and a variety of off grid power requirements. We serve private and public entities as diverse as telecommunications, energy, transportation, and government.

Our PEM fuel cells are commercially available today. We have sold and delivered more than 3,500kW of fuel cells in the U.S. and abroad, and count among our customers major telecommunications providers, various government agencies and multiple utilities. We have a growing customer base in California and are in the middle of a market transformation program initiated by the U.S. Department of Energy with AT&T and PG&E as well as having an on-going relationship with several smaller telecommunication operators providing much needed rural broadband services throughout the State.

As it stands today, the Emerging Renewables Program grants an incentive of \$3 per Watt for fuel cell projects up to 30 kilowatts using renewable hydrogen. As we understand it, the issues with mis-use of the program have to do with wind installations and not fuel cell installations. Thus, we would first ask that the current suspension of the program be limited to the wind portion and not impact the fuel cell portion.

Secondly, we ask that fuel cells have their own section of the Emerging Renewables Program. This would make the differences between wind, solar and fuel cells more easily dealt with in a manner that is applicable to each specific technology. All three are viable clean energy technologies, but they certainly are not similar enough to warrant the same rules across the board.

With regards to possible changes to the program, ReliOn supports a continuation of the current \$3 per Watt incentive. However, we would also be supportive of a cap of 50% of the total project cost. Our customers using fuel cells understand that they should have a financial stake in the installation of clean energy. They are more interested in having the opportunity to install clean energy at a cost that is not greater than what they already pay for incumbent technologies, like diesel generators.

Having a certification requirement is beneficial both to the customer and the general public. CSA certifies fuel cells to ANSI FC-1-2004: Stationary Fuel Cell Power Plants, which ensures that a company's products have met the applicable standards associated with technical and safety conditions. ReliOn recommends requiring this certification of fuel cells utilizing the Emerging Renewables Program.

ReliOn recommends against a performance-based incentive payout. Because fuel cells are generally used as backup power, utilizing a "pay for generation" component would unfairly extend the timeline of the payback to the customer,

which would create a disincentive to the customer for installing this technology, and thus not meet the goals of the Emerging Renewable Charter. Since backup power is an integral component of our customers' critical communications network, if the incentives are not available to make fuel cells a viable alternative, our customers will be forced to continue to deploy high-emission combustion generators, something the CEC and CARB have worked hard to prevent.

Again, thank you for the opportunity to comment. We appreciate the continued focus by the State of California toward clean energy and involvement of impacted parties in making the best program possible.

Best Regards,

A handwritten signature in black ink, appearing to read "Gary Flood". The signature is stylized with large, overlapping loops and a long, sweeping tail that curves back towards the main body of the signature.

Gary Flood
President & CEO