



June 2, 2011

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 10-ALT-1  
1516 Ninth Street  
Sacramento, CA 95814-5512

Dear Commissioner Boyd and California Energy Commission staff,

Thank you for the opportunity to comment on the Committee Draft Report for the 2011-2012 Investment Plan of the Alternative and Renewable Fuel and Vehicle Technology Program. EIN staff and I greatly appreciate the ability to help shape this complex plan, and are continually impressed with the effort both CEC Commissioners and staff put into considering and addressing the comments and concerns raised by the Advisory Committee. We recognize and appreciate the difficulty of implementing a fully oversubscribed program characterized by needs and demands that far outstretch available funding.

We offer the following comments both in support of the changes that have been made since the February 2011 Draft Investment Plan and to help further refine the plan to best meet our states near and long-term goals.

### **Hydrogen Infrastructure Funding**

We strongly support the proposed increase in funding for hydrogen fueling infrastructure in high priority gap areas. As voiced by the California Fuel Cell Partnership, this reallocation will help prepare the early market for commercialization of hydrogen fuel cell vehicles by increasing the geographic availability of hydrogen fuel. With the prospect of diminished federal funding for hydrogen and fuel cells, we believe it is particularly critical for California to continue investing in this key piece of our transportation puzzle.

While we believe that the CEC has correctly focused funding efforts on deploying retail like fueling stations, we want to raise two concerns for staff to consider:

1. *Renewable Hydrogen:* As I stated in the Advisory Committee meeting, EIN strongly believes that renewable hydrogen needs to be encouraged in the early market, and that public funding should play a driving role in pushing industry to develop methods to reduce the cost of renewable hydrogen production.

Over the course of this program, I have continued to pose the idea that centralized renewable hydrogen production could help hydrogen producers and the state meet their SB 1505 requirements. The most recent Committee



Draft Report does not appear to open the door to fund such a project. Should the CEC follow the June 2010 PON-09-608 for Hydrogen Infrastructure approach, the program could fund only on-site renewable hydrogen production. However, as described in the Committee Draft Report, the most economical means of hydrogen production and delivery involves off-site, centralized production. Last year, you received no applications with on-site hydrogen production. While industry may or may not be prepared to create off-site renewable hydrogen production facilities, we believe that the CEC should open the door for centralized renewable hydrogen production facilities to encourage industry to consider the option. It is important that the environmental benefits of hydrogen for California's citizens remains authentic and transparent. The staff report would benefit from further discussion surrounding the source of currently funded hydrogen stations' renewable component.

2. *Station Owner Perspective:* Through our recent conversations with various stakeholders, we have become concerned with an apparent disconnect between the story we hear from gas companies and that of station owners. While gas companies appear to be positioned to make money as long as stations are being built, station owners with hydrogen infrastructure are not expecting to make money until much greater numbers of FCEVs are on the road. EIN would like to encourage the CEC to consider ways to help ensure station owners are rewarded for venturing into the early hydrogen fueling market.

In the recent Advisory Committee meeting, the need to link infrastructure to vehicle projections came up a couple of times. We believe this is critical, and again want to commend CEC's efforts to do so. We also strongly support the use of UC Irvine's STREET Model to help optimize station placement. This tool will help minimize public resources necessary to achieve necessary infrastructure coverage to support full commercial rollout in the key cluster areas and beyond.

### **Plug-in Electric Vehicles**

As described in the Committee Draft Report, PEVs have the potential to substantially reduce oil dependence and improve emissions in the state. We support CEC's approach to funding PEVs, and commend the CEC for placing top priority on home recharging, followed by workplace recharging, both of which will help to gain new entrants into the marketplace while placing priority on off-peak charging. We also strongly support placing priority on renewable charging installations at the workplace, such as those already installed at the Google and Dell campuses. In addition, we agree with the CEC's proposal to consider funding charging infrastructure for multi dwelling units (MDUs), which can help open the PEV market to customers in key deployment areas (i.e., San Francisco, Los Angeles, San Diego).

### **Bio-Methane Production**

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EIN believes that bio-methane can and should play a critical role in reducing petroleum dependence, both as a direct transportation fuel, and as a feedstock for the creation of hydrogen. As mentioned to above, the centralized production of renewable hydrogen from bio-methane may serve to lower the costs of renewable hydrogen production. We also believe that by limiting funding to pre-landfill waste materials, CEC risks missing opportunities to capitalize on considerable landfill gas resources. While landfill projects may or may not ultimately be approved for funding, EIN encourages the CEC to open the door for landfill gas based applications.

### **Performance Measures**

During the Advisory Committee meeting, the concept of “performance measures” for CEC funding priorities came up in reference to how to improve the program in the future. EIN is generally supportive of this approach, as long as the performance measures do not sacrifice long-term potential for short-term availability. We believe that program performance should to be considered on near, mid, and long-term time frames, the focus should remain on getting to long-term sustainable transportation. In other words, we believe that zero-emissions technologies should maintain top priority, especially in the light duty sector, followed by combustion technologies ranked in order of well-to-wheel emissions profiles.

Thank you again for the opportunity to provide what we hope is constructive and helpful feedback.

Sincerely,

Daniel Emmett  
EIN Board President  
AB 118 Advisory Committee Member