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02-REN-1038

DATE APR 19 2011

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California Energy Commission
Dockets Office, MS-4
Re: Docket No. 02-REN-1038
1516 Ninth Street
Sacramento, CA 95814-5512

Re: April 14 Workshop on Possible Changes to the Emerging Renewables Program Guidebook

Gentlemen:

I appreciate the opportunity to offer these written comments as a follow-up to the verbal comments that I offered during the April 14 workshop on Possible Changes to the Emerging Renewables Program (ERP) Guidebook. It became clear during the workshop that the issues that led to the suspension of the ERP related solely to the wind portion of the program. Not a single comment was made that would suggest any issues with the fuel cell portion of the ERP. Even two wind system participants made statements that they could not understand why the fuel cell portion of the ERP was suspended. Besides the two participants who made the public comments on the stand, after the workshop I had another wind manufacturer come forward and he too said he wished he would have taken the stand to make a similar statement supporting their comments.

Request: We respectfully request that the Commission end the suspension of the ERP as it relates to fuel cells. A suspension of fuel cell activity is not necessary to address deficiencies relating to wind systems. More importantly, suspending the ERP for fuel cells is harming our company financially, diverting customers to more environmentally damaging solutions, and negatively impacting the economy of this State at a time when stimulus is needed. We therefore request that the Commission allow applications to continue to be processed for fuel cell projects that meet the ERP requirements.

Background: Based in Folsom, California, Altergy Systems ("Altergy") has become one of the world's premier fuel cell manufacturers. With the world's first automated fuel cell assembly line, Altergy is able to produce the most robust and competitive fuel cell systems available today, right here at our plant in California. We ship these California-made products worldwide.

Altergy has been working for several years to position fuel cell systems as viable, and clean, alternatives to conventional power sources. The ERP has helped us build a compelling case to telecommunications companies for purchasing fuel cell systems to replace diesel generators to provide backup power for wireless cell towers in California.

This suspension would hold up, and probably permanently prevent, several sales we have been working on for more than 18 months. During that time, we have spent more than \$200,000 on

studies and engineering re-design work for those specific customers. We also have spent more than 1,200 man-hours walking sites, working with customer engineers to design clean power solutions on several hundred sites, and securing renewable fuel supplies. After all that work, Alteryx is just now on the verge of receiving orders from several prominent companies for 1,809 fuel cell systems to be deployed in California over the next 18 to 24 months. These combined contracts, which amount to \$71,817,300 of sales of California products would produce a number of economic and social benefits:

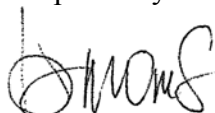
- Provide the State with \$6,643,100 in Sales Tax revenue (at 9.25%).
- Inject \$287,269,200 injected into State of California economy (using a 4:1 multiplier).
- Create 868 skilled jobs (siting, construction, electricians).
- Provide the State with \$5,027,211 in income tax revenues (at 7%).
- Reduce air emissions (replacing diesel generators) to meet CARB requirements.
- Contribute to the State's Office of Emergency Services and the Federal government's Department Homeland Securities interest in emergency responsiveness.

The above contracts were negotiated with the expectation that the ERP would remain available for fuel cell systems. The suspension of the ERP places doubt over this expectation and jeopardizes our customer's commitment of resources. If those customers turn to traditional power sources like diesel generators, our efforts will be reversed, perhaps permanently.

Based on the notice and on the workshop, we understand that the Commission has identified deficiencies in the program requirements as they apply to small wind projects. We appreciate that those deficiencies must be addressed. However, we do not understand why the fuel cell portion of the ERP should remain suspended. It would seem that allowing the fuel cell portion of the program to continue while the issues with the small wind portion of the program are resolved would be a sensible approach. This would allow California, Alteryx, and our customers to capitalize on the momentum that we have built within our organizations. We fear that this suspension, though temporary, could dampen interest in this and other renewable energy projects and cause resources that have been reserved for these projects to be diverted to other efforts.

Conclusion. We therefore request that the Energy Commission consider altering the ERP suspension to apply only to the small wind systems that prompted the suspension in the first place. Fuel cell projects should be allowed to proceed. We appreciate your consideration of this request and look forward to continuing our efforts to manufacture and deploy clean and renewable energy solutions in California.

Respectfully submitted,



Mickey Oros
Senior Vice President, Business Development