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Business Meeting Item # 9

July 27th – Emerging Renewables Program Hearing – Suspension of the ERP

Comments to be addressed to the Board on the stand.....

I would like to thank the commissioners for the time granted since my last visit with you on March 4:

My name is Mickey Oros, Sr. Vice President / Business Development and a founding member with Altergy Systems, a California based Fuel Cell manufacturer based in Folsom which has been contributing to California's economy since 2001.

Regarding the ERP's temporary suspension of its program due to deficiencies, Altergy requests you re-evaluate several points in the recent revised draft to the Guidebook and I have summarized as follows:

1. The proposed limit ~~on~~ of 20 applications on file at any one time does not work for the fuel cell industry and in any event does not promote the goals of the ERP. As example, small wind retailers may sell only one unit to an individual homeowner at a time, whereas, Altergy sells and deploys in very large lots to its clients, which is in excess of 20 app limit.

2. The proposed 50% cap on the rebate amount, unfairly penalizes the most efficient fuel cell companies. In particular it would penalize Altergy, one of the lowest cost fuel cell manufacturers, and by the way the only California-based fuel cell manufacturer that is certified under the ERP. We suggest a sliding cap for the next few years until product volumes raise and manufacturing costs come~~s~~ down even further.

3. We ask the CEC's ERP to adopt an additional benefit for California manufacturers much like the SGIP program did for fuel cells designed and produced here in California, wherein an additional 20% rebate is offered. As such; 20% of $3.00 is an additional $0.60 to the incentive.

4. Fuel cell companies like Altergy and their customers, who have in good faith expended years and significant funds to comply with the existing program, should also be offered the same 30-day courtesy offered to the wind industry by the newly drafted guidebook. In other words, if any changes are made to the ERP, the ERP, as it existed at the time of suspension, should apply to any fuel cell system applications filed within 30 days after the new guidebook is adopted.

Altergy is expected to participate at the upcoming workshop and these comments made today about the recently released draft to the Guidebook will be discussed with the staff in a much more thorough setting but it is important to remember that the ERP suspension was related to concerns about wind systems, not fuel cell systems. Altergy has fiercely adhered to both the letter and spirit of the ERP. It therefore concerns me that some of the changes in draft guidebook could harm fuel cell manufacturers in this State, just at the time when the Governor and the legislators are trying to establish California as the best in the world to establish and grow technology-based renewable energy companies.

Please consider these points addressed by Altergy. This prolonged change to the Guidebook by the Committee has put undo strain on Altergy after spending some 20-22 months of negotiations, component design, and collaboration with fuel providers to bring fuel cells and its renewable hydrogen fuel to this burgeoning California industry.

As a California based company with a promising future in the alternative renewable generator market we need the ERP's assistance to compete against the polluting diesel generators in the present day marketplace. This incentive allows our fuel cells to be priced competitively to that of a diesel generator. As a result it affords Altergy to bring to market a clean, quiet, zero-emission product long sought after by the masses. Once the market is launched and volumes kick in it won't take much for the public to make the right choice and the ERP will no longer be needed.

Thank you,

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