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Research & Development
North America, Inc.
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September 13, 2013

California Energy Commission
Dockets Office, MS-4
Docket No: TBD
1516 Ninth Street
Sacramento, CA 95814-5512



Subject: Submittal by Mercedes-Benz Research & Development North America, Inc. – Hydrogen and Transportation Solicitation Comments

To Whom It May Concern:

At the September 12, 2013 workshop, CEC posed four questions to the OEMs:

1. Is it possible to get data from you?
2. Should the location polygons be kept the same, changed, or deleted?
3. Should the PON be \$10M or \$30M?
4. Anything else to recommend to the next PON?

Mercedes-Benz Research & Development North America (MBRDNA) welcomes the opportunity to provide our thoughts on these questions, so thank you for giving us the opportunity to do so.

Question 1: Is it possible to get data?

MBRDNA has been leasing the B-Class F-Cell in California since December 2010. The MSRP on this vehicle is \$70,000, and the corresponding lease rate for this vehicle for a three year term is \$849/month plus \$2,000 due at signing. The price of this vehicle is commensurate with what many OEMs have projected fuel cell vehicles will cost when they first come to the market as a regular commercial product. At this lease price, MBRDNA has received 1,600 applications for consideration to our vehicle program from California residents. Based on the data collected from these potential customers, as well as the feedback from the 70 customers presently operating our vehicles, we feel well informed on where our initial customers will be located, and what sort of initial hydrogen network will be necessary to satisfy them in the early years.

While our internal data is proprietary and closely guarded, MBRDNA has been very active in supporting past solicitations by the California Air Resources Board and the California Energy Commission in the following ways: (1) we have counseled prospective solicitation respondents regarding station performance and location preferences based on our information; (2) we have





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written letters of support for bidders in support of their projects, and provided market viability and kilogram throughput estimates in those letters for the benefit of the ARB and CEC so that projects could be fairly evaluated against other proposals; (3) we have allowed findings from our proprietary data to be aggregated with input from other OEMs in the form of OEM consensus letters of support; (4) we have given very explicit station location suggestions to CEC in graphical form – the infamous polygon maps.

MBRDNA Answer to CEC Workshop Question 1: we cannot give away our proprietary data for others to examine or use; we have not and we will never do that – nor do we anticipate our competitors to do so. In order to fully understand what our future fuel cell vehicle customers will require from an initial hydrogen network, interested parties must engage in a dialog with us. Merely considering public data paints a very incomplete picture, and therefore we believe that there is no suitable proxy for the OEMs. Again, if the CEC, ARB or a potential station bidder wants to receive the benefit of our information, they must engage in a dialog with us.

Question 2: Should the location polygons be kept the same, changed, or deleted?

In PON-09-608 and PON-11-609, MBRDNA and other the members of the CaFCP OEM Working Group actively sought out prospective station bidder in order to provide them with the benefit of our knowledge to maximize their potential for success. The solicitation scoring criteria gave greater weight to stations proposals that included OEM support. As a result of our participation, the awards from the first two solicitations contained very robust proposals, and the awards conveyed in the NOPA for PON-11-609, in particular, were some of the best station proposals to date in terms of station performance and location.

After the HyGen lawsuit against the CEC and the OEMs was dismissed without prejudice by the courts, and without regard to the merits of the case, CEC staff explicitly instructed OEMs to discontinue discussions with station builders for fear of compromising the integrity of the CEC solicitation process. This, coupled with the blackout period, left little opportunity for the CaFCP OEM Working Group to provide input to prospective bidders regarding which stations should be built next to add to the robustness and overall coverage of the hydrogen infrastructure network. In order to continue to have a voice in the process, OEMs worked with UC Irvine to translate our aggregated station locations preferences into the polygon heat maps. It was our hope that this data product, along with the CaFCP Roadmap document, would help fill in the void left after the OEM-bidder discussions were eliminated, but the results of PON-12-606 were, in our opinion, mediocre at best. The lack of interaction between the OEMs and potential bidders eliminated the iterative discussions that helped to perfect the proposed station locations in the first two CEC solicitations.





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MBRDNA answer to CEC Workshop Question 2: The polygon maps were a failure, and MBRDNA will not participate in the production or development of any further polygon maps. This effort needs to be permanently discontinued.

Question 3: Should the PON be \$10M or \$30M?

MBRDNA answer to CEC Workshop Question 3: Despite all of the solicitations that were issued between 2009 and 2013, no State funded stations have been built since 2009. Given all of the lost time, future solicitations must provide as many stations as possible, by making as much money available as possible.

Question 4: Do you have anything else to recommend to the next PON?

MBRDNA answer to CEC Workshop Question 4:

In order to give fuel cell vehicles a fair chance in the market place, an initial hydrogen station network needs to be in place before the vehicles arrive – and the creation of an actual network is a crucial. It is not enough to deploy a number of individually places hydrogen stations; the State of California needs to develop a cohesive network plan where each of the stations that are deployed are complementary to the others, both in terms of throughput capacity and location. Without such a plan, the State risks making poor investment choices with taxpayer money.

Through past publications like the CaFCP Action Plan and CaFCP California Roadmap, the numerous letters of support submitted as a part of station proposals, and our past submissions to the various CEC dockets, MBRDNA has repeatedly communicated our vision of a cohesive hydrogen station network. We have made explicit comments about where we think stations should go, and proposed a general order of how the network should be rolled out. All of our previous suggestions and comments are still valid, and we encourage the CEC staff to review those documents as they craft the next hydrogen solicitation.

Now, as we grow ever nearer to the commercialization date of fuel cell vehicles, we find the question of priority to be increasing irrelevant. Some OEMs having announced that vehicles will be coming to the market in 2015 – that is less than two years away. Alarming, we have seen that it takes more than two years to build a hydrogen station when using State funds. Therefore, all 68 of the previously identified hydrogen station projects need to be awarded this year. To do this, the CEC must discontinue the activity of building one station at a time, and begin making awards for building ten or more stations at a time. This will require the elimination of the 40% funding cap that was implemented in the last CEC solicitation. We understand your reluctance to take these actions, but we think any risks associated with this can be mitigated through strong contractual language with the winning bidders.





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In closing, please keep in mind that you are building the hydrogen infrastructure network for California taxpayers who want to purchase fuel cell vehicles. MBRDNA, and other OEMs, are trying to give you the benefit of our customers' input and experience. Please be open to considering our customers' perspective.

Thank you for the opportunity to contribute our comments to the public docket.

Sincerely,

A handwritten signature in blue ink that reads "Matthew Forrest".

Matthew Forrest

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