## Energy - Docket Optical System



**From:** Heydorn,Edward C. [HEYDOREC@airproducts.com]
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**To:** Energy - Docket Optical System
**Subject:** Docket 12-HYD-01 (Air Products)

**Categories:** Ready to Docket

Thank you for providing the developers of hydrogen infrastructure with an opportunity to ask questions and provide comments to the draft solicitation concepts:

1. In general, the document uses many of the same technical requirements as other recent solicitations. Air Products encourages the approach where proposers are able to add to or exceed a set of basic minimum technical requirements.

2. Under "2. Maximum Award", the annual operating support category is not listed in the sequence of possible awards. If all funding is absorbed in other categories, this could result in support of stations costing as much as $3.5 million in capital and $100,000 per year in operating support while existing stations seeking only the $100,000 annual operating support could be left unfunded and potentially close due to insufficient fuel demand. Air Products recommends that, for the topic of operating support of existing or planned stations:

a. given the importance of continuity of the existing fueling network, priority of funding should be given to this task; and

b. consideration be given to reducing the level of documentation which will be required under this task.

3. Air Products is concerned regarding the basis for using the same requirements for the Mobile Refueler Set-Aside Competition (Concept #14) as for any of the permanent stations. We do not see a clear technical pathway to provide full SAE J2601 fueling capability plus meeting the 100 kilogram per day minimum capacity requirement for a completely mobile unit without extensive cost vs. the allotment. Air Products suggests that the requirements of this category be modified to allow for the system capabilities described in the document while removing the reference to the Minimum Technical Requirements.

4. With respect to "20. Scoring Criteria and Points", Air Products is concerned about the value assigned to station budget (40 points) and recommends that this be examined and increased in light of other scoring parameters. We are concerned that technology with little or no promise to be economic in the short term could be funded under this criteria.

5. Air Products is concerned about the cost share limit assigned to "15. Station Location Area Competition" and "16. Unassigned Station Competition", which for each station corresponds as much as $750,000 of capital cost plus unallowable operating costs of over $60,000 per year. It is not clear whether the increase of maximum capital per station and cost share support as compared with PON-12-606 plus separation of the support of operating costs from the per-station cap will be adequate incentive for station providers. In order to promote additional station deployment while achieving greater early use of renewable hydrogen, Air Products recommends that all stations deploying 100% renewable hydrogen (whether via onsite production or delivered product) and are cost effective to meet OEM target pricing be subject to the 80% cost share and cost per station available in the Renewable Hydrogen Set-Aside Competition.

6. On Page 13, the topic of depreciation is discussed. Air Products asks that the upcoming solicitation make clear whether depreciation or amortization of equipment costs are allowed if these equipment items have a useful life that is longer than the term of the Grant Agreement. Specifically, should all equipment be fully costed over the three year life of the project and no residual value assumed? The later was our understanding for all previous CEC PON's related to hydrogen stations. However, we are not clear if this has been enforced previously.

Also, can match share expenditures incurred prior to notification of award and prior to the full execution of the funding agreement qualify as allowable match share expenditures? The match share expenditures in this case reasonable, allocable, and appropriate cost to the project receiving the grant award and are non-duplicative of other reimbursed or match share costs. This would allow for more rapid deployment.

7. Air Products recommends that the 60% single applicant cap be eliminated or relaxed, as the total score should be the only basis for determining the awards.

8.  With respect to “21.  California Environmental Quality Act (CEQA)”, Air Products asks that additional clarification be provided in the upcoming solicitation to indicate the level of documentation required from each community to indicate that “the appropriate level of environmental review” has been completed.

Thank you –

Ed Heydorn

Edward C. Heydorn
Business Development Manager, Hydrogen Energy Systems
Air Products and Chemicals, Inc.
7201 Hamilton Blvd.
Allentown, PA  18195-1501
tel.:  610-481-7099
Fax:  610-706-4871
E-mail:  heydorec@airproducts.com