



Mercedes-Benz

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Research & Development
North America, Inc.
A Daimler Company

October 16, 2013

California Energy Commission
Dockets Office
Docket No: 12-HYD-01
1516 Ninth Street
Sacramento, CA 95814-5512



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

To Whom It May Concern:

We at Mercedes Benz Research and Development North America, Inc. (MBRDNA) are generally pleased with the Draft Solicitation Concepts document that the CEC has issued for comment. We appreciate the thoughtful, positive changes and improvements that the CEC Staff have implemented beyond PON-12-606, and we are grateful that they have incorporated many of our past comments and suggestions in this draft document.

Significant changes that set this draft solicitation apart from the previous solicitation include:

- The increase in government cost share
- The introduction of early completion bonuses
- The introduction of late project penalties
- The increase of the single applicant cap to 60%
- The removal of the polygon requirement, and the change to using target locations as grounds for awarding bonus points
- The inclusion of performance based O&M funding
- The inclusion of O&M support for existing stations
- The increased weighting of Market Viability and Station Performance in the scoring process

All of these changes should increase bidder participation in the solicitation, but we are concerned that the proposed incentive levels will be insufficient to deliver the 68 hydrogen stations by January 1, 2016, which is seen by many stakeholders as the number of stations needed to successfully commercialize fuel cell vehicles in the state of California. To reach this target, more aggressive tactics will be necessary.

Given that there are only nine public hydrogen fueling stations in the state today, it seems that we are quickly approaching the point where time is more valuable than money. From this perspective,





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we urge the CEC to consider offering an extremely high cost share for station projects that substantially and significantly improve the current hydrogen infrastructure network. Our vision of such a station project is one that would be deployed at a high priority location with the right sized hardware to anchor a cluster market and be fully commissioned within twelve months of the award date. It would also have a committed owner who can demonstrate a technical support network sufficient to provide near-100% station uptime.

In our minds, the Shell Torrance station is the epitome of an anchor station, as it offers the capability for reasonably fast, 70 MPa vehicle refueling on multiple dispensers simultaneously; high kg/day throughput; the ability to handle high peak fueling loads; and is located in a strategic location which is well situated to serve a wide variety of customers.

To ensure that more anchor stations get built, we recommend that the CEC offer this type station project at a government cost share level of 95% (up to \$2,000,000), as well as \$100,000 per year in O&M support. We feel that the aggressive investment that we are proposing is needed to spur industry to build the foundation upon which the rest of the network will be built.

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

Sincerely,

Matthew Forrest

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