



California Energy Commission
Dockets Office, MS-4

Re: Docket No. 13-ALT-02, 2014-2015 Investment Plan Update
1516 Ninth Street Sacramento, CA 95814-5512

California Energy Commission

DOCKETED

13-ALT-02

TN 72516

FEB 09 2014

February 4, 2014

Commissioner Scott:

US Hybrid is pleased to provide input for the upcoming 2014-2015 Investment Plan. We appreciate the California Energy Commission's continued support for the development of clean and efficient transportation including battery electric and fuel cell vehicles, hydrogen fueling, and charging infrastructure as well as all of the hard work behind each of the previous Investment Plans and subsequent PONs. Thank you for your leadership in helping to develop the zero emission transportation market for fuel cell electric vehicles (FCEV) and fuel cell electric buses (FCEB).

US Hybrid is a California owned and operated business established in 1999 which has consistently been creating new jobs year after year, and supporting the sustainable alternative fuel and zero emission transportation industry. We are a developer and manufacturer of powertrain components that are used worldwide in fuel cell/hybrid buses and commercial trucks in the United States, United Kingdom, EU and Asia as well as powering monorails in Brazil, Malaysia and India.

Government funding and support is necessary to enable the market launch of electric, hybrid and fuel cell vehicles along with the electric and hydrogen infrastructure, especially for commercial vehicles. While sporty, electric passenger vehicles provide an excellent social statement, most environmentally disadvantaged communities are impacted by a concentration of commercial vehicles, such as the I-710 corridor and other port-adjacent communities. The current investment plan is falling short in the support of zero emission commercial vehicles to alleviate the burden of emissions and other environmental hazards within these communities

US Hybrid has invested in California for the last 15 years and appreciates all of the support that the CEC has provided. As you are aware, California companies are at a disadvantage in these developing markets. Companies from around the nation and the world look at California as their main market, and yet have the advantages of paying lower wages and taxes and receiving other benefits from their respective states (ME, IN, NC, SC, NY, KT, NV, etc.) or countries (China, UK, Korea, Belgium, Australia, Canada etc.).

We are seeking a remedy to make the Investment Plan an investment in California's creative and innovative business communities to support California's economic growth. Typically California clean technologies provide the leading-edge solutions and we lead the world in identifying the market need for such products and technologies. California needs to capitalize on such added value products to grow its production capabilities, work force employment and overall economic growth. Any taxpayers' contribution should be investment for the future of California. The proposed Investment Plan should really be an investment in California as well as a pathway toward achieving California's environmental, economic, and energy independence goals.

We have plants operating in Massachusetts, Connecticut and Hawaii; however, California has the highest cost per employee by far.

We recommend the following;

- 1- All taxpayer funded incentives, grants or loans should be scaled proportionally to California payrolls and expenses for the participating companies to promote MADE IN CA.
- 2- All taxpayer funded incentives, grants or loans should be scaled proportionally to United States' payroll

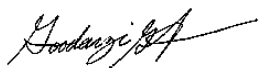
and expenses for participating companies to promote MADE IN USA.

- 3- Most incentives are for capital purchases and there is currently no incentive to utilize the cleaner and more efficient vehicles; therefore, it may be best if a portion of incentive is proportional to utilization (hours or miles driven). This will eliminate a new high tech buses and trucks being idled after assembly and the public will truly benefit from the cleaner miles.
- 4- Consider making the funding subject to job creation in California as proportion to the total payroll amount rather than in proportion to the number of low paying or sub-minimum wages. Unfortunately, this tends to drive the main R&D and engineering jobs abroad.
- 5- Consider creating a funding category that allows for the development and deployment of commercial fuel cell vehicles with similar incentives that electric vehicles receive, except the incentive should be scaled to the higher mileage, fuel savings and emissions removal that they obtain.
- 6- Consider creating a funding category that allows for the development and implementation of large scale (>200kg/day) renewable hydrogen fuel production and technology in California. This will benefit cost reduction of these technology pathways and can reduce the cost "at the pump" of renewable hydrogen fuel when fuel cell vehicles are launched in the market in 2015-2017 and beyond.
- 7- Consider including a placeholder for funding the clean commercial Vehicle Rebate Project (administered by ARB) specifically for FCEVs. It will be important to have sufficient funding available for commercial consumers leasing or purchasing fuel cell commercial vehicles as they come into the market in 2016.
- 8- Medium and Heavy Duty Demonstration – Designate \$9.7M in the 2014-15 and 2015-2016 Investment Plans to cover a portion of the incremental cost for public transit agencies and commercial operators to purchase a total of 80 zero emission fuel cell transit and shuttle buses for a 12-year revenue service with a focus on California and America content.
- 9- Consider increasing support for advanced technology clean technology sector manufacturing workforce training and development as a subsidized payroll or tax incentive or by providing a budget for re-training existing company staff.

CEC continues to demonstrate California's leadership in nurturing alternative fuels and advanced vehicle technologies. It positions the State to benefit from the environmental, economic and energy independence opportunities that zero emission vehicles offer.

Thank you again for the opportunity to provide comments. Please do not hesitate to contact me at abas@ushybrid.com if I can be of any support or require clarification.

Sincerely,



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