



California Air Resources Board
Mary D. Nichols, Chairman, Air Resources Board
1001 I Street
Sacramento, CA 95814

Cc: Air Resources Board - Board of Directors

Date: March 8, 2013

Re: AB 32 Revenue Workshops – Letter from ClearEdge Power

Dear Chairman Nichols:

ClearEdge Power produces fuel cell systems for energy generation with efficiencies approaching 90%. Through the use of combined heat and power, our stationary fuel cells produce no combustion, minimal noise and ultra-low criteria air pollutants. We are pleased to express our suggestions to the Air Resources Board related to the use of AB32 revenues.

California has been a leader in the adoption of clean energy policy to help reduce green house gas emissions, water usage and overall electric demand from the utility grid. The establishment and continued support of the self-generation incentive program (SGIP) has helped to significantly increase the deployment of ultra-clean, fuel cell systems statewide. Through the availability of SGIP, over 61 megawatts of stationary fuel cells have been installed in California. When utilized in combined heat and power applications, fuel cells improve air quality by reducing carbon dioxide releases by 554 metric tons and nitrogen oxide emissions by 1.27 metric tons annually. Fuel cells also reduce water consumption by millions of gallons annually compared to central generation. These attributes makes fuel cells an attractive solution for power generation in non-attainment areas, like the South Coast Air Basin. In addition to their environmental benefits, fuel cell systems also reduce the strain on the electric grid, increase energy reliability and security, and lessen the amount of costly transmission infrastructure that would otherwise be required to meet renewable portfolio standards.

In the near-term, a portion of the AB 32 revenues should be allocated to existing programs like SGIP. Continued funding for SGIP will further advance in-state fuel cell generating capacity, which aids in the offset of criteria pollutants. as part of a sustainable strategy, a portion of the AB 32 revenues should also be allocated to the development of long term programs and strategic financing mechanisms for distributed generation deployment. The State should use revenues to help standardize financing programs, such as property assessed clean energy (PACE). A standard process for financing clean energy would further enable California energy consumers to transition to using clean, on-site energy. Other states acknowledge this financing need as a complement to establishing sustainable distributed generation programs, with the ultimate goal of driving down the cost of clean energy.

Strong consideration for the continuation and expansion of clean energy programs through the use of AB 32 revenues is critical to fuel cell businesses, suppliers and installers with a presence and jobs in California and will send a strong message to investors and customers that the State supports green, secure, distributed generation.

Thank you for your leadership and consideration on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Katrina Fritz" in a cursive script.

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