



California and the Southwest |
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March 2, 2018

Mr. David Mehl
Industrial Strategies Division
Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Fuel Cell Net Energy Metering

Dear Mr. Mehl

TechNet, who represents the leading technology and innovation companies, appreciates the opportunity to comment on this proceeding. TechNet supports ARB's development of a greenhouse gas (GHG) standard for fuel cell net energy metering (FC NEM) projects. However, we are concerned that the standard, as proposed in the February 13, 2018 draft regulation, will hamper the burgeoning clean tech market. Instead, we recommend that the GHG standard be tied to the current emission profile of the grid and the current state of fuel cell technology.

In recent years, California has taken major policy steps toward achieving its air quality goals. The extension of FC NEM and the passage of AB 617 demonstrate the state's commitment to combating criteria air pollutant emissions through the deployment of new energy technologies, such as fuel cells. These policies are further cementing California's status as the global leader in the development and deployment of distributed generation fuel cells.

As a result of these policies, the clean tech industry as a whole is gaining strength. Advances in fuel cell technologies have resulted in even greater efficiencies in energy conversion, making them the most efficient commercially available method to convert any form of gas to electricity. Additionally, technology costs are dropping significantly, due to advances in manufacturing and the economies of scale associated with increased demand.

All of this progress, however, could be threatened by CARB's recent proposal. The proposal will require that fuel cells meet an unprecedented GHG standard based on long-term (20 years and more) assumptions. Presuming the operation of the grid in the future, without allowing for the possibility of technologies to advance in the near term, could lead to the unintended consequence of stifling markets. Although fuel cells will continue to improve in efficiency and capability, the proposed standard would prematurely curtail those efforts and cause the state to lose a

critical tool to meeting its air quality and GHG standards. **We recommend that staff use the most accurate and available data to determine what is on the grid today to set the baseline for this *annual* standard.** As the grid gets cleaner, through new technologies and statutorily set goals, fuel cell technologies will also have to improve. Using an annual standard provides an accurate comparison to what is happening in real time, while also leaving the risk and reward to the technologies that can keep pace.

TechNet thanks ARB staff for their efforts in developing this plan as well as for the opportunity to provide comments. If you have any questions, you can reach me at adeveau@technet.org or (805) 234-5481.

Sincerely,



Andrea Deveau
Vice President
State Policy and Politics