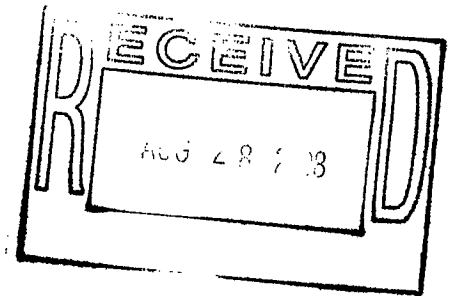




CAPSTONE TURBINE CORPORATION

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August 22, 2008

Ms. Mary Nichols, Chair,
Mr. James Goldstene, Executive Officer
Mr. Chuck Shulock, Chief
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Comments on AB 32 Draft Scoping Plan & Appendices

Dear Chair Nichols, and Messrs. Goldstene and Shulock:

Capstone Turbine Corporation wants to thank the Air Resources Board for its hard work in putting the draft AB 32 Scoping Plan together. This would be a monumental achievement for any country, but the fact that California has taken responsibility to step up and address climate change is an act of leadership that will resound around the planet.

Capstone is a high tech manufacturer of microturbines based in the San Fernando Valley of Los Angeles and we currently employ about 250 Californians in a wide range of good paying jobs. Our microturbines are used all over the world to provide economical power and heat for applications ranging from offshore drilling rigs to the Ronald Reagan Presidential Library, landfills in Europe and waste water treatment plants in California.

We have reviewed the AB 32 Draft Scoping Plan with great interest, and we are in full agreement with the section on Combined Heat and Power (CHP) systems and the contribution they can make toward achieving our AB 32 goals. One of the most important features of CHP is that it is available today. While the technology can always improve, there are a variety of CHP technologies available off the shelf right now that can address a large number of industrial and commercial needs across California.

As a member of the California Clean Distributed Generation Coalition, we want to echo their comments. Without repeating them in their entirety we agree that:

- 30,000 GWH and 800 million therms of reduced gas use annually are achievable goals.



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- An onsite CHP system is significantly more efficient than even a state-of-the-art combined cycle central power plant.
- Such CHP systems produce 20-50% less CO2 than central station power plants.
- Onsite CHP improves the efficiency of the power system by improving power flows and the operation of the grid. The result is lower operating cost to the utility and its ratepayers.

If California is going to meet its AB 32 goals on reducing climate change emissions, and do so at a price that does not bankrupt the state's businesses, it needs to deploy existing technologies as quickly as possible. There for it is vital that the ARB affirm its recommendation that CHP be supported by state policies.

In fact, we believe the Draft plan could be made stronger by including an unambiguous recommendation to the Governor and the Legislature that existing state incentive programs, such as the California Public Utilities Commission's Self Generation Incentive Program, include CHP installations as eligible technologies. CHP was recently left out of the SGIP program despite the wishes of the Governor, and the recommendation of the CPUC and the Energy Commission. A strong recommendation from CARB could help raise awareness that CHP promises clean, efficient and quick reductions in our green house gas emissions in California.

Thank you again for the opportunity to comment on this draft Scoping Plan. We look forward to working with the ARB in the future to help California meet its ambitious but achievable goals for reducing greenhouse gases.

Sincerely,

Steve Gillette
VP, Product Management
Capstone Turbine Corporation