

COMMENTS FROM THE CA H2 BUSINESS COUNCIL

Thank you for the opportunity to address you today. I am also here on behalf of the California Hydrogen Business Council's board of directors. While we are a hydrogen supporting organization, we recognize many clean technologies will be needed to meet California's goals and we support them all. We have 6 major points.

1) The ARB staff is proposing amendments to the program that are "designed to better reflect the state of technology and create incentives for new vehicle designs" - The changes as proposed are now disincentives to FCVs and will cost California its valuable leadership role. It ignores the billions of dollars the OEMs, state and federal government have already invested in FCVs & H2 Infrastructure.

2) Page 14 states, "Current fuel cell development is strong and does not need as much regulatory advantage as is provided by the existing program." We do not agree w/that statement. The fuel cell industry needs continued support in order to achieve the cost reduction targets and commercialization potential which would benefit California's air quality, AB32 petroleum reduction goals, energy security and economic strength.

3) The "Extend 'Travel' Provision" does not serve California's goals of improving air quality and reducing petroleum dependency. It also conflicts with the cluster approach to developing non-petroleum alternatives that was in the original H2 Hwy document and which has proven to be successful in the South Coast Basin . We request that it be deleted.

4) We oppose credits for hybrids that don't use alternative fuels or meet Low Carbon Fuel Standards.

5) We believe the final credit for HICE's in 2012 and beyond should at the very least be equal blended PHEV's. We need incentives to develop and utilize a hydrogen infrastructure. And hydrogen meets AB32 goals.

6) We request a six-month delay so ARB can form a task force with industry representation to re-work the credit formulas and address other economic issues and their impact on future job creation in California.

THANK YOU

ZEV HEARING COMMENTS
CYNTHIA VERDUGO-PERALTA.

President, Asthma & Allergy Foundation of America

Good morning Madam Chair and Honorable board members. My name is Cynthia Verdugo-Peralta; I am President of the Asthma & Allergy Foundation of America – Southern CA Chapter. We are the ones who have put 9 Breathmobiles on the road administering medical care and medication to thousands of school age children suffering from Asthma in the Southern CA basin. Our task is not an easy one as Asthma cases and Respiratory ailments continue rise causing increased school and work absences, due to the increased air pollution from mobile sources in our basin. I am also a former South Coast AQMD board member and former Chairman of the CA Fuel Cell Partnership. So I understand the great responsibility you carry on your shoulders as regulators, as well as the complexities of new technologies, which can help us reach our clean air goals.

First, let me commend CARB and the CARB staff for all the work that has gone into the original ZEV mandate, as well as all the revisions which have followed. I know it hasn't been an easy task. My purpose here today is to plead for clean air knowing we can't get there without state policies that encourage and support a phased approach to new and cleaner vehicles and fuel technologies.

While we whole-heartedly support the near-term and mid-term pathways, such as Battery Electric Vehicles (BEV) and Plug-In Hybrid Electric Vehicles (PHEV), we are extremely concerned that CARB's staff proposal, regarding the credit levels, does not support the long term true zero emission vehicles such as Hydrogen Fuel Cell Vehicles. The current staff proposal greatly reduces the incentive for a more significant potential breakthrough solution, i.e., Fuel Cell Vehicles (FCVs).

An important goal of a technology forcing policy, such as the ZEV program, is to stimulate continued investments and progress, while focusing on the particular technology option, in this case Hydrogen Fuel Cell Vehicles, for those believing it has promise and are interested in continuing their investment. **While the proposed ZEV framework expands the gold credit options, the new credit structure has the unintended consequences of killing the Fuel Cell Vehicle (FCV) and Hydrogen infrastructure investments by the car manufacturers and the energy companies.** Equally important, it sends the wrong signal to the FCV manufacturers who have invested heavily in this technology up to this point, as well as the public/private strategic partners, including CARB and the AQMDs, who have invested in the Hydrogen infrastructure.

A three phased approach is needed to reach our clean air goals and reduce toxic emissions from mobile sources throughout the state. Without support for that third, long-term phase, there is no continued vision for the future of zero emission vehicles and the necessary refueling infrastructure. We encourage CARB to keep the goals high to ensure a robust suite of options near-term, mid-term AND long term to address this critical issue.

The ZEV mandate needs to assure that FCVs are a viable option for car manufacturers seriously considering production of zero emission vehicles. Phase III requirements (in terms of numbers of FCVs if that option is chosen) should recognize very high near term costs for this path/option, AS WAS IN THE ORIGINAL ZEV MANDATE, so it should improve the credits/substitution ratios/reduce the number of vehicles appropriately. Then, it can be a "viable" option for those interested in challenging this most promising technology, i.e., FCVs,

California is the model for a public/private partnership dedicated to the commercialization of Fuel Cell Vehicles. It started with the activities of the South Coast AQMD in 1987 and continued with the establishment of the California Fuel Cell Partnership (CAFCP), in 1999, which has been a unique and successful model of bringing together competitors who are cooperatively working towards the goal of FCV commercialization.

- We ask that CARB not lower the goals with the proposed credit levels. If California is to take the lead once again, for zero emission technology and the Hydrogen infrastructure to support it, we need to have state policies that encourage the interest and investment, not discourage it.
- We ask that the CARB board send this proposal back to staff to rework it so that it also encourages the long-term phase for Fuel Cell Vehicles and the Hydrogen infrastructure.
- And most importantly, we ask that the CARB board consider taking at least six months, during which time a task force can be formed, that includes the stakeholders, to resolve the credit issue, which would result in a better, more comprehensive, technology ENCOURAGING ZEV mandate.

THANK YOU.