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Mr. James D. Boyd
Vice Chair and Presiding Member
Transportation Committee

Ms. Karen Douglas
Commissioner and Associate Member
Transportation Committee

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 08-ALT-1
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET 08-ALT-1
DATE _____
RECD. FEB 25 2009

Dear Commissioners Boyd and Douglas:

I am writing to provide comment on AB118 as it relates to the funding for hydrogen stations in California beginning in 2009.

Proton Energy Systems designs and manufactures hydrogen generators (electrolyzers) for many different markets and has been an active participant in the deployment of hydrogen fueling stations in California. The hydrogen generation systems developed at our company for onsite hydrogen generation are currently being utilized in 4 hydrogen fueling stations in California. The reliability, durability, sustainability, and ultimately energy independence that our technology portends for hydrogen fueling infrastructure deployment in the state of California are reasons that we believe strongly that funding for the deployment of hydrogen fueling stations should continue in 2009.

Hydrogen fuel cell vehicles are beginning the transition from current demonstration programs to an early commercial market. Companies like General Motors, Honda, Daimler, Volkswagen, and Toyota are planning to bring thousands of vehicles to California starting in 2009 culminating with 50,000 vehicles by 2017; this requires customer-friendly hydrogen stations in early market locations beginning in 2009. Automotive OEM's fully endorse the plan put forth by the California Fuel Cell Partnership for funding and deploying hydrogen fuel stations beginning in 2009.

Consumers driving these vehicles need convenient hydrogen fuel stations located within their communities. Proton Energy Systems fully endorses the plan put forth by the California Fuel Cell Partnership for funding and deploying hydrogen fuel stations beginning in 2009. Specifically, California needs to invest up to \$100 million through 2012 to support the early hydrogen fuel stations needed to fuel thousands of vehicles coming to California through 2014. We must start immediately with approximately \$40 million in 2009 and 2010 to fund and place the first 20 stations in early market communities in California.

Hydrogen and fuel cell vehicles will also bring jobs and create business opportunities in California. A 2008 U.S. Department of Energy report^[1] projects that the United States will see 375,000-600,000 net new jobs from hydrogen, many from the high-tech sector, but also in automobile sales and service, construction of stations and manufacturing of equipment. Overall, the report projects that California could see up to 25,000 new jobs by 2050 compared to the all-gasoline scenario.

Proton Energy Systems is a company of 70 employees, committed to the deployment and support of hydrogen infrastructure. As an active member of the California Fuel Cell Partnership, we understand the critical hydrogen infrastructure needs facing the automotive OEMs. Additionally, we understand the funding that is necessary to design, build, and deploy a hydrogen fueling station and the broader hydrogen fueling infrastructure.

We strongly support the California Fuel Cell Partnership's action plan and urge the California Energy Commission to fund hydrogen fueling stations beginning in 2009.

Sincerely,



Mark S. Schiller
VP Business Development
Proton Energy Systems
