



February 27, 2009

Commissioners James D. Boyd and Karen Douglas
California Energy Commission
Dockets Office, MS-4
Re: Docket # 08-ALT-1 – AB 118 Program
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET	
08-ALT-1	
DATE	<u>FEB 27 2009</u>
RECD.	<u>FEB 27 2009</u>

Dear Commissioners Boyd and Douglas,

We are writing on behalf of the Alameda-Contra Costa Transit District (AC Transit), in strong support of the California Fuel Cell Partnership’s hydrogen infrastructure development plan, to fund and deploy hydrogen fueling stations beginning in 2009.

As you may be aware, AC Transit is a world leader in the development of hydrogen fuel cell technology for the transportation industry. We have successfully built a \$66 million program in partnership with more than 20 public agencies and private sector companies, including the California Energy Commission, the California Air Resources Board, United Technologies Corporation, and Chevron. Our demonstration fleet of three, fuel-cell, zero-emission buses has logged nearly 150,000 miles of service over the last three years, carrying in excess of 360,000 passengers. These all-electric, zero-emission buses run silently, achieve close to double the fuel economy of diesel buses, and play a significant role in the reduction of green house gases. We are now building 12 new, next-generation buses that will be considerably lighter and more efficient than our first-generation fleet, and they are expected to carry well over a million passengers in their first year or two of service.

AC Transit has also produced and dispensed more than 39,000 kilograms of hydrogen to fuel our buses and cars, and we are expanding our production capacity with a new solar-powered hydrogen station in the city of Emeryville – in part funded by ARB – to support our growing fleet of vehicles.

We feel very confident that when our next-generation fleet enters revenue service later this year and in early 2010, we will be able to demonstrate even better fuel economy and significantly improved reliability and durability. While there still remains a considerable premium in the cost of this new technology, we believe that the gap will close quickly toward the objective of full commercialization, once fleet readiness has been demonstrated within the next several years.

From a national perspective, the National Academy of Sciences has identified hydrogen fuel as an energy carrier capable of using a broad range of domestic energy resources, and as one of the most promising solutions to climate change and energy independence. Extensive analysis done by the National Research Council, the Energy Information Administration and the National Hydrogen Association shows how hydrogen and fuel cells create opportunities for substantial decreases in greenhouse gases, tailpipe emissions, and oil consumption in transportation, buildings, and communications.

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California needs to invest as much as \$40 million in 2009 and 2010, and up to \$100 million through 2012, to support early hydrogen fueling stations for urban fleets and a growing number of light-duty fuel cell vehicles that will be deployed between now and 2014. Our Emeryville hydrogen station will be a model example of how fleet applications can work hand-in-hand with the needs of light-duty fuel cell vehicle users.

As we grow our fleet and demonstrate to the world the wonderful potential of hydrogen fuel cells to not only address air quality standards in our local communities, but to tackle national and global problems associated with petroleum reliance and greenhouse gases, we will need critically important funding from the state to maintain our leadership position. This "local" source of funding will also take on an increasingly important role as cost share, to effectively leverage the state's access to federal grants under the new administration's programs for energy efficiency and alternative fuels.

The Energy Commission has been a strong supporter of our initiatives in the past, and we look forward to continuing that partnership into the future with your support for an aggressive deployment of hydrogen fueling stations in California.

Sincerely,



Rick Fernandez
General Manager



Jaimie Levin
Director of Alternative Fuels Policy