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April 5, 2012

The Honorable Jerry Hill  
California State Assemblymember  
California State Capitol Room 3160  
Sacramento, California 95814

**RE: AB 2165 (Hill) – SUPPORT**

Dear Assemblymember Hill:

The California Hydrogen Business Council is pleased to express strong support for AB 2165 (Hill).

California’s Fuel Cell Net Energy Metering Program (FCNEM) has a proven track record of helping Californians to increasingly utilize clean, reliable, efficient distributed generation fuel cell technologies.

The program helps the state meet its clean energy, distributed generation, and air quality targets. Fuel cell technologies are cleaner than the traditional sources of energy used to supply power to California’s electricity grid, improving air quality and reducing harmful greenhouse gas emissions in communities throughout the state.

In addition to environmental benefits, these technologies reduce strain on the electric grid, increase energy reliability, and lessen or eliminate costly transmission infrastructure investment that would otherwise be required to meet renewable portfolio standards.

Fuel cell and hydrogen technologies produce new high tech, high paying jobs and are a crucial part of the portfolio of advanced energy technologies that will help achieve California’s energy efficiency and greenhouse gas reduction goals. Fuel cells for stationary power and material handling equipment are commercially available today and continue to create jobs in domestic and export markets in California and throughout the country. Further, the United States, with California leading the way, is poised to introduce fuel cell electric vehicles (FCEVs) by 2015, with initial introduction by many of the automobile manufacturers already well underway. Continued support for technology maturation, supplier development and infrastructure deployment, of which the FCNEM is a critical part, will continue to allow for the market transformation of the fuel cell industry.

The United States still has the worldwide lead in fuel cell manufacturing. Retaining and building upon that lead will be much cheaper and more productive than attempting to buy it back once it is lost, as we have seen in other clean energy technologies. Japan, Germany, Korea, and China have made it a national priority to develop these technologies and attract the skills and

intellectual property to create a domestic clean energy business as a platform for a future export market.

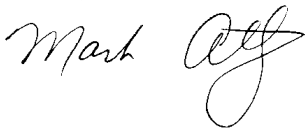
Fuel cell commercialization is in its nascent stage, and businesses are making the necessary investments to bring fuel cell-powered products to their infrastructures and California consumers. Last year, the U.S. became a net exporter of natural gas. This is a historic shift, and goes a long way towards reducing or eliminating barriers to hydrogen infrastructure. By using the existing natural gas infrastructure and reformer technology, along with the existing hydrogen pipelines, hydrogen production facilities and hydrogen distribution networks already here in California, we have an opportunity to further enhance the commercialization of fuel cell and hydrogen energy technology.

Removal of the cap of the FCNEM will aid in creating a competitive landscape for these early commercial fuel cell products. Realizing the budget constraints that the State is under, making the incentives available under the FCNEM more predictably available will send a strong, positive signal to other investors, companies investing in fuel cell products, auto makers, supply chain partners and potential customers.

The program also helps foster California's clean energy economy and grow jobs here. There are several fuel cell companies that are headquartered in California. Additionally, many other fuel cell companies from around the country are working with California customers who are early purchasers of these fuel cell products. AB 2165 is critical to California fuel cell businesses, sending a strong signal to investors and customers that the state supports clean, distributed generation fuel cell technologies.

Thank you for your leadership on this important issue.

Sincerely,



Mark Abramowitz  
President  
California Hydrogen Business Council