

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking Regarding Policies,)
Procedures and Rules for the California Solar Initiative,))
the Self Generation Incentive Program and Other)
Distributed Generation Issues.)

Rulemaking 08-03-008
(Filed March 13, 2008)

**OPENING COMMENTS OF BLOOM ENERGY ON THE
PROPOSED DECISION OF PRESIDENT PEEVEY ADOPTING SGIP BUDGET FOR
2009 AND OTHER OPERATION DETAILS FOR 2009 THROUGH 2011**

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January 6, 2009

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Bloom Energy provides these comments on the Proposed Decision of President Peevey captioned “*Decision Adopting Self-Generation Incentive Program Budget for 2009 and Other Operation Details for 2009 through 2011*” (Proposed Decision) mailed on December 17, 2008. Bloom generally supports the conclusions in the Proposed Decision and appreciates the opportunity to provide comments. We support the \$83 million baseline budget for 2009 and believe the Commission is wise to review the budgets for 2010 and 2011. Specifically, we find prudent the Commission’s idea that it not reduce the program budget until the Commission can “gauge the demand for these incentives” and appreciate the efforts of the Commission to maintain certainty for market participants.

The US fuel cell market is projected to grow over 11 x by 2015, representing a greater growth opportunity than any other cleantech sector.¹ 60,000 new jobs can be created by 2021 in the burgeoning US fuel cell industry.² These jobs include high paying manufacturing, engineering, service and other “green collar” jobs. We have seen the detrimental impact that uncertainty in federal tax credits has had on the renewable energy industry and it is important to prevent that from happening to the industries supported by SGIP. Sustained growth will drive down manufacturing costs which will ultimately decrease the necessity for this incentive program. However, an interruption in funding availability has the potential to stagnate the anticipated industry growth.

¹ “Clean Energy Trends 2007,” Makower, Pernick and Wilder, March 2007

² Dr. Scott Samuelson, UC-Irvine National Fuel Cell Research Center

If the growth projections for the fuel cell industry prove to be accurate, SGIP funding levels should remain flexible enough to grow with demand. While establishing a minimum funding level of \$83 million per year is important for customers considering these purchases, \$83 million should not be the ceiling. Without allowing for the potential for growth, the industry's growth could be stunted. If this happens, it could reverse much of the great developments that have been fostered by SGIP.

The \$83 million annual funding has thus far been adequate to seed the ultra-clean distributed generation market. Fuel cell sales have been enabled by the knowledge that SGIP funding is available to make the economics work. However, with high expectations for industry growth, it is anticipated that at some point in the future a potential limitation in SGIP funding could stagnate the deployment of fuel cells for distributed generation in California. Therefore, Bloom believes that the SGIP budget should be revised if new SGIP demand is created by the introduction of new technologies. We encourage the Commission to retain the possibility of expanding – not just maintaining – the SGIP funding levels if demands exceed supply for the technologies currently supported via the program.

In conclusion, Bloom Energy supports the Proposed Decision's plan to keep SGIP funding in 2009 at \$83 million. However, for 2010 and 2011, we request that the Commission retain not only the option to revisit but also to increase the budget if demand growth warrants such an increase.

Dated: January 6, 2009

Respectfully submitted,

_____/s/_____

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PROOF OF SERVICE

I declare that:

I am employed in the County of Santa Clara, State of California. I am over the age of eighteen years and am not a party to the within action. My business address is 1252 Orleans Drive, Sunnyvale, California 94089; telephone is (408) 543-7547. On January 6, 2009 I served the attached *Opening Comments of Bloom Energy on the Proposed Decision of President Peevey Adopting SGIP Budget for 2009 and Other Operation Details for 2009 through 2011* by electronic mail or, if no e-mail address was provided, by United States mail at Sacramento, California, addressed to each person shown on the service list [R08-03-008] below.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on January 6, 2009 at Sunnyvale, California.

/s/

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