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# Rolls-Royce

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September 5, 2008

**PUCO 08-888-EL-ORD Staff Proposed rules**  
**New Chapter: 4901:1-40**  
**Chapter Title: Alternative Energy Portfolio Standard**  
**Applicable Ohio Revised Code Sections: 4928.64 and 4928.65**

PUCO

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Rolls-Royce Fuel Cell Systems (RRFCS) respectfully requests the Public Utilities Commission of Ohio (PUCO) to review and modify the Alternative Energy Portfolio Standard Staff Proposed Rules to include fuel cells without specification or qualification to feedstock as stated in section 4901:1-40-04(7).

RRFCS selected Ohio as the site for the company's North American fuel cell headquarters in 2006 due to Ohio's strong commitment to the fuel cell industry. RRFCS maintains fuel cell interests throughout the globe and considers the state of Ohio's on-going investment in the industry as a basis for further growth of RRFCS operations in Ohio.

To that end, RRFCS paid close attention to SB221 and the language proposed and adopted concerning fuel cells. RRFCS believes that for Ohio to strengthen its competitive advantage and continue attracting companies to locate and grow in Ohio the state must afford fuel cells unrestricted access to the market through full participation in the alternative energy portfolio standard.

Our close following of the progress of SB221 leads us to assert that sections 4928.01 (A)(34)(e) and 4928.01(A)(35) of SB221 are clear in intent and outcome. Fuel cells, regardless of feedstock, are eligible to participate in both the renewable and advanced energy side of the standard. RRFCS asserts that the fuel source for fuel cells was specifically undefined in both renewable and advanced energy definitions of SB221 so that the benefits of fuel cells could be achieved with any available fuel. Other states - most of them in competition for Ohio's manufacturing business in this industry - have adopted legislation promoting fuel cells regardless of feedstock in both renewable and advanced energy portfolio standards.

The natural gas infrastructure is widely available today offering the highest availability for fueling megawatt-scale fuel cells as they are incorporated into the modern grid. Since fuel cells are fuel-flexible, fuel cells that are installed to operate on natural gas will transition to renewable fuels when supplies of renewable fuels are readily available. This provides Ohioans the opportunity to take advantage of the benefits of fuel cells as soon as possible, while providing for utilization of renewable fuels when they become available.

The benefits of fuel cells include high efficiency (double the efficiency of electricity delivered to substations from coal-fired central generation), low carbon footprint, 24/7 continuous operation and zero emissions at a competitive cost.

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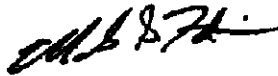
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In addition, these features complement and support wind and solar power systems which require back-up power 70% of the time when the wind isn't blowing and sun isn't shining. If this back-up were provided by coal-fired power generation, the combination with PV and solar would produce more emissions and have a higher carbon footprint than fuel cells operating continuously, 24/7, at 60% electrical efficiency located close to the point of use.

RRFCS has made a strong commitment to the state of Ohio through the location of our headquarters in Canton. Our partnership with AEP is another example of the company's commitment to the future of the state – economically and environmentally. However, the recent development of the Proposed Staff Rule disqualifying a fuel cell from the Alternative Energy Portfolio Standard, if the feedstock is not renewable, is very problematic for this company's future in Ohio and our industry.

We respectfully request the PUCO commissioners to closely examine this Proposed Staff Rule and change it to reflect the language and intent found in SB221.

Best regards,

A handwritten signature in black ink, appearing to read "Mark S. Fleiner", written in a cursive style.

Mark S. Fleiner  
President