March 19, 2010

Honorable Byron L. Dorgan
Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, DC 20515

Honorable Robert F. Bennett
Ranking Member
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, DC 20515

Dear Chairman Dorgan and Ranking Member Bennett:

On behalf of the members of the fuel cell and hydrogen industries, we thank you for consistently funding the Department of Energy's (DOE) hydrogen and fuel cell technology programs. We are writing to urge your continued and robust support for these activities as you begin consideration of the FY 2011 Energy and Water Appropriations bill. These critical programs create green jobs, increase the efficient use of our nation's natural resources, and enhance energy security, all while reducing air pollution and greenhouse gas emissions.

As the Committee develops the FY2011 Energy and Water Appropriations recommendations, we urge you to provide $390 million for the Fuel Cell and Hydrogen Technologies Programs managed by the Energy Efficiency and Renewable Energy (EERE), Science, Fossil Energy (FE) and Nuclear Energy (NE) organizations at the Department of Energy—a 23% increase vs. $316 million appropriated for 2010. This amount would fully fund the critical research, development, demonstration and deployment (RDD&D) of these technologies in order to make them competitive with current technologies in cost, reliability and performance, and respond to our industry's number one priority: deployment of early commercial systems and an advanced fuel cell vehicle demonstration. A detailed list of our program priorities and funding requirements are attached to this letter.

The FY 2011 request for EERE is $137 million, down $43 million from the current 2010 Appropriation of $180.1 M—including last year's funded earmarks (-24%). These cuts propose eliminating funding for market transformation for fuel cells in early markets; education activities; and federal purchase initiatives, while curtailing all new vehicle deployments under the Technology Validation program. DOE also chose to reduce the Fossil Energy coal to hydrogen program by $5.8 million. Similarly, at a time when funding for the Solid State Energy Conversion Alliance (SECA) program should be increased to support the megawatt- class demonstration effort, the DOE request is flat. This budget sends a damaging message to our industry, our nation and the world, threatens to weaken US leadership and unbalances the nation's energy portfolio.

More importantly, by making cuts to fuel cell and hydrogen technologies, especially hydrogen infrastructure, fuel cell vehicle and early market deployment, and FE fuel cell programs, DOE is sending negative signals to investors, hydrogen gas suppliers, auto makers, supply chain partners, potential customers, and other federal agencies, local, state and foreign governments. The lead US energy agency should fully embrace fuel cells and hydrogen infrastructure as a part of a comprehensive clean energy package to meet our national greenhouse gas reduction targets. Even worse, hydrogen and fuel cell industries could move offshore and the United States could lose as many as 675,000 potential net, new jobs by 2050 (estimated in the DOE Sec. 1820 EPAct 05 Report to Congress).

As Secretary Chu observed last September, "So we will [restore funding], but then, if you want to have it [hydrogen] in automobiles, there is a hydrogen storage problem, there is a hydrogen production problem, as well as a fuel cell problem," he added. "Fuel cells are actually the more mature, and so we will try to do our best to say, 'OK, if the goal is to try and get them into vehicles, let's design a program to actually try and do that as best we can,' rather than saying, 'I disagree with [Congress].'"

Fuel cell and hydrogen technologies are a crucial part of the portfolio of advanced energy technologies that will help achieve the nation's oil and greenhouse gas reduction goals. DOE and other supporting estimates show that domestic hydrogen fuel cells in light duty vehicles, for instance, could reduce oil imports by as much as 3.5 billion barrels per year within 40 years, reduce greenhouse gas emissions by 1.1 billion tons per year, and save consumers $25 trillion over the succeeding 50 years.

A robust public-private partnership, exemplified by DOE Technology Validation and Market Transformation programs focused on cost reduction and early deployment, will accelerate commercialization and the benefits that accrue with marketplace success.

Thank you for your consideration of our request.

Sincerely,

The National Hydrogen Association and US Fuel Cell Council, on behalf of their members

DuPont Fuel Cells

HUNTSMAN Advanced Materials