

# Ion America

For 6/13/06  
mtg

To: James T. Beall, Jr., Chairperson, Board of Supervisors  
From: Josh Richman, Ion America Corporation, Sunnyvale, CA  
Re: Santa Clara Fuel Cell Demonstration Project

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Ion America, a Santa Clara based clean energy technology company, proposes to work with Santa Clara County to demonstrate its planar solid oxide fuel cell technology by the fall of 2006 at no cost to the county. In order to expedite the installation of the Ion America planar solid oxide fuel cell, the company is offering to absorb 100% of the County's cost sharing responsibility as mandated by the US Department of Energy for this demonstration project.

## ***Fuel Cell Project Overview***

On February 18, 2006 the Santa Clara County Board of Supervisors conceptually approved the use of the final \$1.5 million Williams Settlement payment as matching funds for a federally earmarked stationary planar solid oxide fuel cell demonstration project. Ion America, a Santa Clara based company, is offering to absorb 100% of the County's cost sharing responsibility in order to install a fuel cell by September, 2006. If the County accepts this proposal, the Williams Settlement money will be freed to be spent elsewhere.

Ion America is interested in accelerating the installation timeline for this fuel cell demonstration. Because rapid deployment is critical to the company's business plan, the company proposes that the County bypass the RFP process and install an Ion America fuel cell at no cost to the County. This installation, to be located at the County 911 Communications Center, offers Santa Clara the opportunity to demonstrate pioneering leadership by supporting the development of a revolutionary alternative energy technology. With the support of Congressman Mike Honda, Ion America seeks to advance the demonstration of its technology as a critical step towards commercial success.

Ion America has developed a clear path to high-volume, low-cost fuel cell production, leveraging many of the same techniques and processes of Santa Clara's significant semiconductor industry. The company now seeks to begin large-scale commercial deployments and expanded manufacturing of this technology in early 2007. Many of the company's first commercial customer candidates have asked for field operational proof that the systems perform as advertised. A Santa Clara County installation will serve as a local, high-profile demonstration of the company's technology and as a reference case for future customers. As such, Santa Clara can play an integral role in the company's path to commercialization while bringing positive attention to the County.

## ***Benefits to Santa Clara County***

Ion America is a Sunnyvale-based company developing a breakthrough energy technology that has the potential to solve the key energy problems of the 21<sup>st</sup> century. The benefits to Santa Clara County of supporting this technology and company include:

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**No Cost to the County.** In order to expedite the awarding of the Department of Energy funding earmarked for this project, Ion America is offering to absorb the 100% of the County's cost-sharing responsibility. If the County agrees to fast track approval for this demonstration project, it will be under no obligation to use County funds and will instead be able to pursue other energy efficiency projects with the Williams settlement. *Together with the Department of Energy, Ion America will cover all of the costs associated with the design and installation of the fuel cell, as well as all system testing and ongoing maintenance expenses.*

**Results by September, 2006.** If the county accepts this offer, an Ion America planar solid oxide fuel cell will be producing clean, reliable electricity for the County 911 Center within the next couple months. A full competitive solicitation would mean the project would not operational until 2007.

**Local Job Growth.** Ion America is growing rapidly and expects to double its staff by the end of the year. Ion America's success and continued growth will positively impact Santa Clara County's economy. Additionally, because planar solid oxide fuel cell technology shares many properties of semiconductor manufacturing and design, this technology may prove to be a leader in the next generation of Silicon Valley growth, leveraging existing industry know-how into a major investment area for the next decade.

**Environmental Leadership and Education.** Clean energy technology has become a national priority. Santa Clara County has the opportunity with this high-profile demonstration project to lead the state and the country in promoting environmental stewardship, educating the next generation of leaders, and championing clean technologies.

**Sole Sourcing This Demonstration Project to Ion America is Consistent with the County's Contracting Guidelines.** Section 5.3.11 of the County Board Policy Manual states that, "It is the policy of the County to solicit bids or proposals for a commodity or service from the most relevant market and to select vendors and providers on a competitive basis." The Department of Energy funding for this project is for a planar solid oxide fuel cell demonstration. Since the project's purpose is to demonstrate a fuel cell technology, it should not be considered a commodity and therefore does not fall under the County policy mandating a competitive bid process.

Ion America would like to extend an open invitation to the Board of Supervisors and their staffs to visit Ion America's Sunnyvale corporate headquarters and manufacturing facility. We look forward to showing you our working fuel cells and answering any questions you may have about the technology or the company.

cc: Supervisor Blanca Alvarado  
Supervisor Don Gage  
Supervisor Liz Kniss  
Supervisor Pete McHugh  
County Executive Peter Kutas  
Clerk of the Board Phyllis Perez