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**March 24th, 2010**

California ISO Board of Governors  
Mason Wilrich, Chair

RE: Altairnano, Inc. letter to California ISO's (CAISO) Board Meeting March 25<sup>th</sup> 2010  
Decision on Non-Generator Resources in Ancillary Services Market

Altairnano Inc. combines science and innovation with market-ready solutions to achieve sustainable, and economically sensible, power and energy management practices. Altairnano is the first company to replace traditional graphite materials used in conventional lithium-ion batteries with a proprietary, Nano-structured lithium titanate – a process that delivers distinctive performance attributes, including power, symmetrical fast charge/discharge rates, high round-trip efficiencies, long cycle life, safety, and ability to operate under extreme temperatures.

Altairnano's advanced battery solution is the 1st advanced ESS actively participating in frequency regulation market in PJM. This system, known as the ALTI-ESS™ suite, is an adaptive, intelligent, and scalable power and energy management platform. It reduces dependencies on conventional carbon-based generation required for frequency regulation creating a cleaner and faster AS resource. Based on advanced lithium-titanate technologies, the ALTI-ESS responds within milliseconds to frequency fluctuations by releasing or absorbing power from the electricity grid. These qualities improve grid stability, equipment and capacity utilization, strengthen operational efficiencies and reduce carbon emissions providing cost savings for California's rate payers.

Altairnano, Inc. strongly applauds the CAISO's efforts and creativity of using existing market mechanisms to incorporate the ability of Limited Energy Storage Resources (LESR) in the Draft Final Proposal to participate in the CAISO Ancillary Service (AS) Markets, and for seeking stakeholder input on this topic. There was general consensus from the stakeholders on the CASIO Staff proposed Regulation Energy Management (REM) using existing real time energy market mechanisms to manage the preferred state of charge of the Limited Energy Storage Resources (LESR). There was late input by additional stakeholders that raised concern on the potential that this REM mechanism was a new product and should be delayed until a broader Ancillary Service stakeholder process to occur in the future. The REM mechanism was removed from the proposal to be decided upon on the March 25<sup>th</sup> Board meeting. This late entry into the process shortly before the board meeting has not allowed other stakeholders to adequately address and respond to the concerns raised.

Similar energy management mechanisms have been approved by FERC and are in place operating in the PJM, Midwest ISO and New York ISO. This successful market mechanism implementation is attracting LESR projects of significant MWs into these other areas bringing along with them the environmental and job creation benefits to the local economies.

Altairnano Inc. requests that the Board direct CAISO management to include this REM mechanism into the FERC filing at the March 25<sup>th</sup> meeting. Otherwise we respectfully request that the Non Generator Resources in Ancillary Services Market stakeholder process continue without delay on resolving the REM concerns and allow the potentially positive outcome to be filed as a supplement to the proposed FERC filing.

**Joe Heinzmann**  
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**Altairnano, Inc.**