

## CALIFORNIA ENERGY COMMISSION

KAREN DOUGLAS, CHAIRMAN  
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May 12, 2009

Sandor Shapery  
Innovative Transportation Systems Corp  
402 West Broadway, Suite 1220  
San Diego, CA 92101

Dear Sandor Shapery:

The California Energy Commission (Energy Commission) is pleased to inform you of the acceptance of your pre-proposal entitled, Zero Emissions Electric Container Transport System on Existing Rail Infrastructure, in response to PON-08-010 – American Recovery and Reinvestment Act Cost Share: Alternative and Renewable Fuel and Vehicle Technology Program. This letter signifies the Energy Commission's intent to provide cost sharing for your proposal for an amount up to \$11,500,000, in the event that your final proposal to the Energy Commission under PON-08-010 is successful and that you receive a federal award in response to the Department of Energy's Recovery Act – Transportation Electrification Funding Opportunity Announcement (DE-FOA-0000028). You may include this letter in an application for DE-FOA-0000028.

This letter does not guarantee funding by the Energy Commission. Due to the high response to PON-08-010, the Energy Commission may award less than the requested match funding amount. In addition, the Energy Commission may reduce an award in the event that the California Budget Act for 2009-10 allocates less funding than anticipated for the Alternative and Renewable Fuel and Vehicle Technology Program. In either event, the applicant will be responsible for obtaining sufficient cost share to meet the funding requirements of DE-FOA-0000028.

You are invited to submit a final proposal to the Energy Commission. The final proposal must include the information specified in PON-08-010 and must be received by the Energy Commission no later than 3 p.m. on May 20, 2009. Please include five hard copies and one electronic copy of your final proposal (including all applicable files) in one or more of the following formats: Microsoft Word, Microsoft Excel, or the format specified by the federal solicitation. The Energy Commission may invite applicants to a clarification interview for their final proposals. Following the final proposal evaluation, you will receive notification of the Energy Commission's final decision regarding funding.

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For administrative or process-related questions regarding PON-08-010, please contact Sarah Williams at (916) 654-4584.

For technical related questions regarding PON-08-010, please contact Kevyn Piper at (916) 654-4845.

Thank you for your interest in our program.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Douglas', written over a light gray rectangular background.

KAREN DOUGLAS  
Chairman