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August 30, 2011

California Energy Commission
1516 9th Street, MS 14
Sacramento, CA. 95814-5512

RECEIVED
SEP 01 2011
OFFICE OF CHIEF COUNSEL

Attn: Commissioners Carla Peterman and James Boyd

Re: Energy Saving Pros, LLC., dba Energy Pros

Ladies and Gentlemen:

This office represents Energy Saving Pros, LLC., dba Energy Pros ("ESP"). As you know, ESP has extended financial resources to install California Energy Commission ("CEC") approved DyoCore wind turbines in reliance on CEC's Energy Renewal Rebate Program ("Program"). To date, ESP has not been paid for approved R2's. It is our understanding that you are the CEC commissioners who are dealing with this matter.

By way of background, in January 2011 and prior to incurring any financial obligation, Shad M Derifield, ESP's Chief Operating Officer, contacted James Lee, Supervisor in the CEC Program. Mr. Derifield asked Mr. Lee a multitude of questions regarding the rebate program and regarding the guarantee provided by the Program. Mr. Lee advised Mr. Derifield that the CEC Program would guarantee all rebates on issued R2's as long as the equipment installed was on the CEC's list of approved equipment that was posted on CEC's public website. Mr. Derifield asked Mr. Lee if there was any chance the CEC would not honor the R2's and he answered "No." Mr. Lee further stated that rebates were paid based on the CEC rated capacity of the system's components. Mr. Lee confirmed that if ESP installed a CEC approved small wind turbine on a residence and said turbine did not perform to the manufacturer's approved rating due to lack of wind or any other circumstances, the rebate would still be honored as the Program did not look at the actual production at installed locations, but only at the CEC approved rating on its website. When questioned about DyoCore, Mr. Lee stated DyoCore was in good standing with the CEC and the Program and that he had numerous positive conversations with DyoCore regarding their small wind products.

Over the next several months Mr. Derifield had multiple conversations with Program employee Sarah Taheri. During these conversations, Ms. Taheri advised Mr. Derifield how to submit proper R2 and regulations governing the Program. On several occasions Mr. Derifield posed the same questions to Ms. Taheri as he did to Mr. Lee and she reaffirmed that as long as

the R2 paperwork was turned in properly "the rebates are always paid."

On March 4, 2011, at approximately 1:00 p.m., ESP was notified through CEC's email system that the Program would be suspended at 5:00 p.m. that day, but all R-1 packages submitted prior to 5:00 p.m. would be honored for R-2 issuance at the current rebate rate. In light of the Program's temporary suspension and in reliance on CEC's representations, ESP submitted numerous R1 packages totaling $2,119,800.00 in rebate claims before the deadline. Each R1 submitted was tied to a commissioned sales person whose sole income was based on ESP receiving a rebate check after the installation was completed.

Since then, ESP has been in regular contact with Ms. Taheri regarding R-2 package submittals. At no time did she advise that there were any problems with DyoCore or rebates held or submitted by ESP. In fact, Mr. Derifield was assured that the Program would honor ESP's rebates and everything was fine.

During this time, the CEC also conducted several workshops regarding the Program and the features of the guidebook re-write. At one point during the meeting, Program manager Tony Gonzalez reiterated that all rebates issued prior to the above cut off date would be honored. Mr. Gonzalez also instructed attendees to "continue installing your products." At an April 14th Program staff workshop, ESP's President Brian Pierce asked if all R2s would be honored and was told "yes, continue with your business, all R-2s will be honored." The above mentioned meeting was also attended by Mr. Derifield, ESP sales representative Ken Lenover as well as other DyoCore distributors.

In May of 2011, in reliance on these assurances, Liquid Capital, Inc. ("LC"), a private financial institution, agreed to fund the installations using the R2's as collateral and subject to personal guarantees from ESP. This allowed ESP to move forward with R2 installations efficiently with the best interest of the customer in mind. Prior to approving this funding, LC put ESP and the Program through a thorough underwriting process. LC president Bruce Dawson researched the Program, its employees and guidebook. After completing his research, Mr. Dawson came to the conclusion that LC's risk was nonexistent or minimal due to the CEC's contractual guarantee of R2's and approved ESP's application for borrowing against all R2 packages in its possession.

In addition to the initial underwriting process, Mr. Dawson would call and/or email CEC's Program staff to have them approve the files prior to LC funding. After LC received a final approval from the Program staff, LC would fund/wire ESP a portion of the rebate, at a cost to ESP of 3.5% per month until the rebate check was received. The placement of a hold on all ESP approved R2 rebates has caused substantial damage to ESP and is jeopardizing ESP's financial viability.

In light of the foregoing, we would like to request a meeting with you or your representative to discuss resolution of this matter. In the meantime, we request that all R2 rebates be honored and payment requests be processed immediately. Please contact me as soon as possible to set forth a meeting date and time.

Thank you for your consideration and we look forward to hearing from you or your representative.

Very truly yours,

ROBERT F. KANE

cc Client
Liquid Capital, Attn: Bruce Dawson
Jonathan Knapp, Esq.
Gabriel Herrera, Esq.