

Texas Commission on Environmental Quality
New Technology Research & Development (NTRD) Program
Monthly Project Status Report

Contract Number: 582-11-12630-3264

Grantee: EcoPower Hybrid Systems

**Report for the
Monthly period:** August 2011

**Date
Submitted:** September 10, 2011

Section I. Accomplishments

Provide a bulleted list of project accomplishments as well as a description of their importance to the project.

- We met the new company's owners and executives. They are very supportive of this NTRD project.
- Last month, we were contemplating the possibility to assemble our own module to reduce production cost for industrial units and ease market introduction of the Li-ion hybrid power plant equipped with tier 4i small diesel engine. This month, we have decided to proceed with this strategy.
- We have completed discussion with our proposed sub-contractor: Energy CS (ECS). After few meetings a scope of work was defined, a final proposal was agreed on, and we are in the process to submit it for sub-contractor approval by TCEQ.
- The sub-contractor is working at fixed cost and agrees that the general condition of the TCEQ contract signed between TCEQ and EcoPower will be carried over.
- This resolves most of the potential problems we were reporting with long lead items.
- The final selection of cells to be tested is almost completed as we wish to involve ECS at this point for the final selection based on their past experiences.

Indicate which part of the Grant Activities as defined in the grant agreement, the above accomplishments are related to:

- All these realizations are related to the phase one of the project.

Section II: Problems/Solutions

Problem(s) Identified: Report anticipated or unanticipated problem(s) encountered and its effect on the progress of the project

- a) The change of ownership delayed start of the work. We are now well supported. Working with ECS for module fabrication represents a good contingency plan for the long lead time associated to commercial modules. At this point, the milestone of completion of the phase one will be completed four months after the subcontractor approval by TCEQ. If we can obtain all authorizations before end of September 2011 we expect to delivered phase 1 report end of January 2012.
- b) No unanticipated problem was encountered

Proposed Solution(s): Report any possible solution(s) to the problem(s) that were considered/encountered

- a) In order to not delay the entire project schedule, we will start some work attached to task 2: (Engineering and Adaptation of EcoCrane technology) during the task 1 (phase 1) realization. We will free internal resources as part of the work is now subcontracted. As task one ends on a go-no-go milestone for the project, we are starting this work at our own risks and we will bill the effort after TCEQ approve project continuation.

Action(s) Conducted and Results: Describe the action(s) taken to resolve the problem(s) and its effect

- a) Delay phase one delivery by 2 months does not jeopardize the final schedule and the contingency plan proposed will insure overall schedule integrity.

Section III. Goals and Issues for Succeeding Period:

Provide a brief description of the goal(s) you hope to realize in the coming period and identify any notable challenges that can be foreseen

- Get TCEQ sub-contractor approval.
- Prepare all paper work required to start ECS work
- Complete validation of Li-ion cells choice with ECS
- Procure Li-ion cells to be ready to start testing as soon as we have approval to process with ECS as official fixed cost contractor.

Date: September 10, 2011

Authorized Project Representative's Signature

NOTE: *Please attach any additional information that you feel should be a part of your report or that may be required to meet the deliverable requirements for tasks completed during this reporting period.*