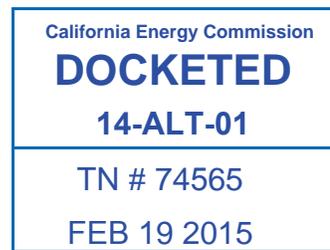




California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512



February 18, 2014

Re: Docket No. 14-ALT-01 - **2015-2016 Investment Plan – Revised Staff Report.**

California Biodiesel Alliance Comments

Dear Commissioners, Staff and Members of the ARFVTP Advisory Committee,

I am writing on behalf of the California Biodiesel Alliance (CBA), California's biodiesel industry trade association, representing over 50 businesses and stakeholders including all of the state's biodiesel producers.

CBA remains concerned that the *2015-2016 Investment Plan Update* does not contain appropriately robust and objective metrics for evaluating budget allocations. There were several other committee members that also noted the lack of good metrics being utilized. In a previous letter dated June 26, 2014, three committee members and a number of other stakeholders recommended that a special advisory panel be formed to create a metrics methodology that can be presented to the CEC Commissioners, staff and AB 118 Advisory Committee for consideration in evaluating programs and guiding future ARFVTP budget allocations to meet the requirements set forth in AB 109. We've asked several times, officially and unofficially, to meet with staff about establishing this panel and would very much like to discuss its establishment as soon as possible. We have yet to get a response.

In the *2015-2016 Investment Plan Update* it appears that the diesel substitutes category has received approximately 10% of ARFVT Program funding since its inception, but we feel strongly that this category, and biodiesel in particular, has been providing significantly more than 10% of the program benefits. We know, for example that in 2014 biodiesel will provide about 16% of all LCFS credits generated, according to ARB figures – http://www.arb.ca.gov/fuels/lcfs/media_request_070714.xls.

The *2015-2016 Investment Plan Update* has two Tables, ES-1 and 2, which illustrate the amount of funds spent and budgeted. To avoid misleading conclusions these tables should be supplemented with additional tables, which show the breakdown of all expenditures by fuel type. At first glance looking at ES-1, it appears that diesel substitutes received a fair proportion of funds, however, if all of the categories into which other fuel types were separated were added together, it would give a much more transparent basis for comparison. When this is done it becomes apparent that diesel alternatives actually received much less than electricity or natural gas.

At current in-state biodiesel production capacity of 59 million gallons per year (Mgpy), California biodiesel producers have created hundreds of high paying green jobs in some of the most disadvantaged communities in the state, while reducing over 610,000 metric tons (MT) of carbon emissions from our atmosphere. This production capacity is also equivalent to removing almost 140,000 cars from California roads.

Preliminary estimates are showing that biodiesel plants will contribute approximately \$350 million in economic activity to California's economy in 2014. With consistent support, our industry can quickly increase in-state capacity to 200 Mgpy, which would generate \$2 billion in economic impact annually.



For every \$1000 invested from this program, the biodiesel industry can deliver close to 1350 gallons of ultra-low carbon biodiesel production per year, which in turn would reduce 14 tons of climate changing carbon emissions from our atmosphere. That's like taking over 3 cars off the road for every \$1000 spent! Additionally, based on current market economics this \$1000 investment would generate recurring economic contributions of \$5,400 per year.

And if we bring our in-state production capacity up to 200 Mgy it would be equivalent to taking an additional 332,000 cars off the road – and taking an additional 1.4 million MT of carbon emissions out of our atmosphere every year. All while creating hundreds of high paying permanent jobs and contributing \$2 billion to the state's economy.

We value the open dialog and relationship that our industry has developed with the Energy Commission and look forward to continuing to communicate with staff. We hope this will lead to even more meaningful funding allocations for the biodiesel industry in the near future.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joe Gershen", with a long horizontal flourish extending to the right.

Joe Gershen
CBA Vice-Chair