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Comment Received From: Joe Gershen

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**2015 Draft Integrated Energy Policy Report - California Biodiesel Alliance
Comments**

Additional submitted attachment is included below.



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

December 10, 2014

Re: Docket No. 15-IEPR-01 – 2015 ***Draft Integrated Energy Policy Report.***
California Biodiesel Alliance Comments

Dear Commissioners and Staff,

I am writing on behalf of the California Biodiesel Alliance (CBA), California's not-for-profit biodiesel industry trade association, representing over 40 businesses and stakeholders. CBA appreciates the work that staff has put into preparing this Draft IEPR. We do have a few concerns that we think need to be mentioned.

CBA is concerned that the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) might be overly focused on potentially transformative technologies and not enough on biodiesel and other biofuels that have been providing close to 90% of the carbon reduction benefits to the ARFVTP to date. While we support the pursuit of transformative technologies and the benefits we hope they will provide, we know for a fact that biofuels are actually providing real benefits today and will continue to do so into the future, so ARFVTP funding support for them should be increased.

We continue to propose separating the "biofuels" category in the ARFVTP into separate silos, one for diesel substitutes, one for gasoline substitutes and one for bio-methane. We also think that each of these biofuel categories should receive funding allocations more commensurate with the benefits they are providing and will continue to provide for many years.

Additionally, CBA feels that future biofuels solicitations and awards should focus on innovative technologies and the development of low carbon purpose grown energy crops and other feedstocks, as well as helping other existing production facilities expand their capacity.

In the ARFVTP the diesel substitutes category has received approximately 10% of program funding since its inception. We would like to point out that this category, and biodiesel in particular, has been providing significantly more than 10% of the program benefits. We know, for example, that since inception of the LCFS, biofuels have provided 90% of all credits generated according to ARB figures http://www.arb.ca.gov/fuels/lcfs/media_request_092215.xlsx. Alternative diesel fuels have provided 32% while electricity has provided just 2%. More funding should be allocated for alternative fuel and vehicle strategies that are realistically going to contribute to achieving the 10% GHG reduction goals by 2020.

Another concern with respect to the ARFVTP is that we note that no funding has been allocated for biodiesel infrastructure for several years. While we certainly appreciate past funding for new and expanded production projects, we'd like to point out that only about 16% of major fuel terminal and rack locations around the state offer storage and blending of biodiesel. No matter how much production capacity we have in the state, we need to be able to blend biodiesel in a majority of the distribution locations in order to increase overall consumption. This will complete the distribution cycle and get fuel into the widest market available. We feel that biofuels funding allocations should be increased overall, and that some portion of the extra funding for Biofuels should be allocated to expand biodiesel blending and storage infrastructure at major fuel terminals and racks around California.



On page 143 of the 2015 Draft IEPR it states under “Advancing Commercial Development of Low-Carbon biofuels in California” that “... projects expand California’s... biodiesel production capacity by 59.2 million gallons per year...” which is not accurate. Projects actually expanded production capacity **to** 59.2 Mgy, which is where capacity is today.

At current in-state biodiesel production capacity of 59 million gallons per year (Mgy), 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 2015. With consistent support, our industry can quickly increase in-state capacity to 200 Mgy, 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 appreciate the opportunity to provide feedback to this Draft 2015 IEPR.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joe Gershen", is written over a light gray rectangular background.

Joe Gershen
Vice-Chair, California Biodiesel Alliance