

DOCKETED

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2018 2019 Investment Plant Update for the ARFVTP

Additional submitted attachment is included below.



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

November 17, 2017

Re: Docket No. 17-ALT-01 - **2018-2019 Investment Plan Update for the ARFVTP**

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 not-for-profit biodiesel industry trade association, representing a broad range of stakeholders, including all of the state's major biodiesel producers.

We thank Commissioner Scott and Commission staff for their hard work on this Investment Plan Update. Your dedication to this program and process is very much appreciated by all of us on the committee. We have the following comments and recommendations:

In Chapter 3, in the fourth paragraph under "Low-Carbon Fuel Production and Supply," it states that the Energy Commission has provided 11 grants through the ARFVTP to expand the in-state annual production capacity of biodiesel by a cumulative 82 million gallons, and two of these projects have been completed and are producing fuel. We believe this is not correct. It's our understanding that the following four companies have completed grant projects under the ARFVTP: Crimson Renewable Energy, New Leaf Biofuel, Community Fuels and Biodico.

While we agree that there is enormous petroleum and GHG emission reduction potential of any low-carbon, drop-in gasoline or petroleum replacement, I'd caution staff not to react too extremely. We are very supportive of the development of upstream biofuels such as renewable gasoline and renewable crude oil, but there is still great potential for growth of in-state downstream biofuels production such as biodiesel and renewable diesel. We continue to believe that expansion of existing in-state biofuels plants is the most pragmatic path forward and will lead to meaningful carbon reduction and petroleum displacement. There are numerous technologies that can expand capacity and lower carbon intensity of existing biofuels production facilities, all worthy of investment under the ARFVTP.

We believe the best way to stimulate in-state biodiesel production is through a biodiesel incentive based on the volume of biodiesel produced, Carbon Intensity, and CalEnviroScreen score. This is a simple mathematical calculation that can be done ministerially on a quarterly basis, without placing CEC funds at risk with potentially unsuccessful projects. The incentive is based upon actual production, and rewards volume, low carbon intensity and positively impacting disadvantaged communities. This avenue should be explored for all biofuels, and we are available as an industry to assist with the development of this funding mechanism.

We are pleased with, and supportive of, the increase in funding to \$25 million for this category. We have also been requesting funding for biodiesel storage and blending infrastructure for at least six years and continue to be disappointed in this area. Only about 30 percent of California's existing bulk fuel racks and terminals are capable of blending biodiesel in the state, and some minimal strategic investments in this area would send an important signal to refiners and fuel marketers, helping to break through the largest barrier to increased biodiesel blending in California. I strongly urge you to revisit this before finalizing this investment plan.

Finally, the Bioenergy Action Plan in 2012 was instrumental in coordinating existing and future programs for biofuel and bioenergy development. This plan should be updated, and an industry panel formed to assist in its development.

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
Vice President
California Biodiesel Alliance