

DOCKETED

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On 2018-2019 Investment Plan Update for the ARFVTP

Additional submitted attachment is included below.



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

March 15, 2018

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

California Advanced Biofuels Alliance Comments

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

I am writing on behalf of the California Advanced Biofuels Alliance (CABA), California's not-for-profit advanced biofuels industry trade association, representing a broad range of stakeholders, including all of the state's major advanced biofuels producers.

We thank Commissioner Scott and Commission staff for their work on the Investment Plan Update, but at the same time we also are very disappointed to learn about changes that will ultimately severely disadvantage our industry.

The ARFVTP budget is projected to increase this next year from \$100 million to \$277.5 million. In an all-of-the-above scenario, all alternatives would share equally, but that is not the case with your proposed budget.

In previous versions of the Investment Plan Update, Alternative Fuel Production was allotted \$25 million for in-state production. This latest version of the Plan eliminates funding created by AB 118 / AB 108, and backfills it with Greenhouse Gas Reduction Funds, which are not guaranteed and will need to be re-allocated every year. While the legislation that established the ARFVTP was technology neutral, your proposal to transition biofuels funding to an annual budget allocation is clearly intended to favor one technology over another. This runs blatantly counter to the intent and spirit of the program.

Despite your suggestion in Chapter 5 that you *may* consider funding opportunities for biodiesel or other related terminal blending infrastructure, GGRF funds cannot be used for this purpose, so that suggestion is hollow. As I'm certain you are aware, **the \$25 million in GGRF funds recommended in the Governor's budget was intended to be in addition to our portion of ARFVTP funding allocations.** It was not meant to be used to move our money into another category. As such, we insist that the \$25 million from the Program funding be reinstated and the \$25 million allocated in the Governor's Cap & Trade Expenditure Plan be included in the Investment Plan as new monies available to the industry to expand in state production

I would like to remind you that biofuels provide roughly 90% of carbon reduction benefits under the Low Carbon Fuel Standard and yet, with this new Investment Plan the amount of funding available to this sector is less than 1/10th the amount of the total budget. By refusing to allocate the ARFVTP budget among all of the alternatives as required by statute, you are picking a very expensive and speculative alternative. The proposed reduction in funding is unjustified and must be reconsidered. The media and legislature should

know what you are doing, especially in an election year.

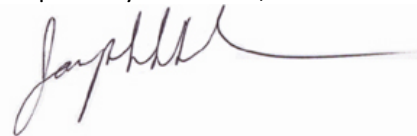
We strongly disagree with this new plan. The Alternative Fuel Production category should be allotted the \$50 million that it was intended to receive and certainly has earned, based on performance metrics. \$25 million from the ARFVTP portion, should be invested in biodiesel storage and blending infrastructure as well as feedstock development, that could easily double blending levels of low-carbon biodiesel in the state within 18 months. The \$25 million from the Cap & Trade Expenditure Plan should be invested in projects that increase in state production of biofuels, including the Biofuels Initiative proposal. Since biodiesel already provides 20% of the carbon reduction in California's transportation sector we ask you, what other category could reduce another million metric tons of GHGs in the same period for such a small investment?

We have valued the open dialog and relationship that our industry has developed with the Energy Commission, but also feel that this plan undermines that relationship. The Commission is legally obligated under the law to pay attention to the metrics, as many on this advisory committee have been suggesting for many years, and stand up to idealogues who continue to favor technologies that are barely moving the needle when it comes to actual carbon reduction. The same optimism about technology improvements for electricity grid efficiency, battery storage, raw materials sourcing and price, should be extended to biofuel technology improvements. An all-of-the-above strategy demands no less.

We appreciate that some funding should go to other modalities that might show some promise in the future, but the climate is changing more and more dramatically every year, right before our eyes, and rather than minimally fund low carbon fuels that have consistently demonstrated 90% contribution to carbon reduction, and will continue to do so into the foreseeable future, you actually strip away what was fairly allotted to us. This is counter-productive, and the people of California will suffer immediate damage for the sake of speculation about future technology improvements.

CABA and its members look forward to working with the Commission and its staff to rectify this issue in a manner that focuses on technology neutrality and lowering carbon emissions using the most cost effective means possible. We hope you will do the right thing and stand up for programs that are consistently outperforming everything else by many orders of magnitude. You need to reinstate the \$25 million for biofuels from original program funds and add to that total the \$25 million from Cap & Trade. Any action short of this will be step backwards for a State that has gained word wide attention and credit for its progress in fighting climate change. We intend to carry this message throughout the legislature.

Respectfully submitted,

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

Joe Gershen
Vice President
California Advanced Biofuels Alliance