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Additional submitted attachment is included below.

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

November 21, 2018

Re: Docket No. 18-ALT-01 - ***2019-2020 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 question why alternative fuel production has only been budgeted $20 million. This is a decrease of $5 million from previous budgets. This is alarming especially since biofuels, which is the overwhelming portion of the alternative fuels category, provides the best, most proven carbon reduction potential – close to 90% overall – in the ARFVTP, as measured in the very successful and robust California Low Carbon Fuel Standard (LCFS). Based on that metric alone it seems that reducing rather than increasing this portion of the budget is at best counter-intuitive.

We continue to question where the metrics are that support claims made in Table 6 and Table 7 on pages 27 and 28 of this Investment Plan Update? "Expected Annual Petroleum Fuel and GHG Emission Reduction Benefits", and "Expected Annual Market Transformation Benefits in 2030", are by definition "expected" and not supported by any real-world investment analytics. Our industry is extremely supportive of this program and other climate policies and programs in California, but since it is taxpayer money being invested we ask that there is a more even-handed and pragmatic investment approach to considering "actual" benefits. As we have said repeatedly in the past, we are not asking for an equivalent portion of funding to be given to biofuels commensurate with our almost 90% performance metric. But to *reduce* our budget completely ignores the realities of the contributions we have been making and will continue to make going forward, especially if we have robust support from this and other programs.

Additionally, on page 1 of this Investment Plan Update it states the Purpose of the ARFVTP goals are to reduce GHG emissions to 1990 levels by 2020 and 40 percent below 1990 levels by 2030; to reduce short-lived climate pollutant emissions, such as methane, to 40-50 percent below 2013 levels by 2030; and to achieving a carbon-neutral economy by 2045. It would be enlightening if staff could elaborate on the status of progress we are making towards those goals.

Similarly, on page 6 the Plan states, "past projects also provide direct feedback on how the ARFVTP can maximize value in supporting the transformation of the California transportation sector toward fuels and technologies that can meet the more aggressive emission reductions required by 2030 and 2050." We would be very interested in learning more about the results of past projects' feedback and how effective they have actually been. To be clear, we are looking for actual benefits rather than expected benefits.

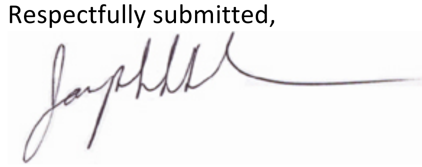
Another area we'd like to highlight and ask for clarification is on page 74. It says, "staff may consider investing in biodiesel terminal infrastructure." That does not seem committal in any way. We would ask that you firm up your intentions so we are clear. We would also like to understand why that number does not increase over time to 2030?

We also need better clarification of the funding that will remain in the ARFVTP budget versus what may come from GGRF funding, which as we all know is not guaranteed. We feel that any GGRF funds should be incremental to what is guaranteed in the ARFVTP budget as defined in the Investment Plan.

There are a few other assumptions that need to be clarified in the in-state diesel substitutes production capacity section of this document. The Plan indicates that diesel substitutes produced in California will displace 81.5 million gallons per year (Mgpy) of petroleum diesel in 2020, which we agree with. But it goes on to say this number will flatten out to 111.3 Mgpy in 2025 and beyond (to 2030). If we add up existing plant capacity including biodiesel and renewable diesel production from New Leaf Biofuels, Imperial Western Products, Crimson Renewable Energy, Community Fuels, Agron Bioenergy, Biodico, and AltAir, our current in-state (nameplate) production capacity is actually 122 Mgpy. By 2020 with current expansions underway and scheduled for completion, in-state production capacity of diesel substitutes will be at about 150 Mgpy. With LCFS credits approaching and likely surpassing $200/MT, it is likely that most production in California will be at capacity. If we add AltAir's recent announcement of plans to expand to 306 Mgpy that will add another 260 Mgpy of capacity, which puts California's total production of diesel substitutes at 410 Mgpy. Can staff please explain their assumption that this number will flat-line at 111.3 Mgpy after 2020 given this data? We would like to also point out that we have not included other construction of plants planned for California in the immediate future.

CABA and its members value the open dialog and relationship our industry has with the Commission and staff and look forward to continuing this level of communication. We are focused on technology neutrality and lowering carbon emissions using the most cost effective means possible to help California not only find solutions to our global climate crisis, but to lead by example.

Respectfully submitted,



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