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Crimson Rnewable Energy Comments on 2019-2020 Investment Plant Update for the Clean Fuels Transportation Program

See attached submittal

Additional submitted attachment is included below.

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August 8, 2019

Commissioner Patty Monahan and Commissioner/ Vice Chair Janea Scott
California Energy Commission
1516 9th St
Sacramento, CA 95814

Re: 2019-2020 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program (aka Clean Fuels Transportation Program) , Docket #: 18-ALT-01

Submitted via email to https://efiling.energy.ca.gov/Ecomment/Ecomment.aspx?docketnumber=18-ALT-01

Crimson Renewable Energy ("Crimson") is the largest in-state producer of biodiesel in California> Crimson is a leading provider of ultra-low carbon intensity alternative diesel products to the California market. Crimson has historically produced biodiesel made entirely from used cooking oils and distillers corn oil.

Throughout this comment, references are made to the document "2019-2020 Investment Plant Update for the Alternative and Renewable Fuel and Vehicle Technology Program, July 2019 | CEC-600-2018-005-LCF-REV.

Role of Alternative Diesel Fuels in Achieving Low Carbon Fuel Standard Goals

California's Low Carbon Fuel Standard (the "LCFS") is the state's program for reducing greenhouse gases emitted by transportation fuels. It's currently the world's most effective program for reducing carbon emission from the transportation sector and has reduced California's reliance on petroleum-based fuels from relying on petroleum base fuels for has driven decarbonization by moving away from petroleum fuels. The LCFS is a market based, technology neutral program that awards carbon credits based on lifecycle carbon analysis that is a consistent assessment mechanism regardless of the fuel type, feedstock or process technology. According to the California Air Resources Board LCFS data, petroleum-based fuels as a % of all transportation fuels in California has been reduced from 92.4% in 2011 to 86.5% in Q1 2019[1]. In the diesel Sector, the reduction in petroleum-based fuel has been very dramatic: petroleum-based diesel has gone from 97.5% of all diesel fuels in Q1 2011 to 74.3% in Q1 2019[2]. Biodiesel and Renewable Diesel, collectively "Alternative Diesel Fuels", is responsible for approximately 85% of this huge reduction in petroleum diesel usage over this short 8-year period. As a percentage of all credits generated in the LCFS, in 2018 Alternative Diesel Fuels generated 45.5% of all credits generated.

[1] Extracted from quarterly LCFS data published by California Air Resources Board, http://ww3.arb.ca.gov/fuels/lcfs/dashboard/quarterlysummary/quarterlysummary_073119.xlsx

[2] Extracted from quarterly LCFS data published by California Air Resources Board, http://ww3.arb.ca.gov/fuels/lcfs/dashboard/quarterlysummary/quarterlysummary_073119.xlsx

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In 2018, the California Air Resources Board has published several predictive compliance scenarios for 2030, basing their data on assumed high and low demand for all the fuels in the program. In the baseline scenario, Alternative Diesel Fuels generate 35.2% of all credits generated by 2030. In all scenarios, Biodiesel is expected to be at least 500 mil gal; in 2018, 184.5 mil gal of Biodiesel came into the California market.

Purpose of the Clean Fuels Transportation Program

According to the CEC website (https://www.energy.ca.gov/programs-and-topics/programs/clean-transportation-program), Clean Fuels Transportation Program invests " annually in a broad portfolio of transportation and fuel transportation projects throughout the state." According to the language in Assembly Bill 118 ("AB118") which created the Clean Fuels Transportation Program , it I s supposed to provide funding via grants, loans, loan guarantees "....to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies." Furthermore, According to the portion of the AB118 know as the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007, specifically states, "**The emphasis of this program shall be to develop and deploy technology and alternative and renewable fuels in the marketplace, without adopting any one preferred fuel or technology**." (underline and bolding added).

We do not believe that the most iteration of the 2019-2020 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program (the 2019-2020 ARFTVP Investment Plan") meets this statutory requirement . This 2019-2020 ARFTVP Investment Plan allocation of funding shows that the CEC is making a clear preference for certain technologies, in effect picking winners and losers. the lack of funding for alternative diesel fuel sector in the 2019-2020 ARFTVP Investment Plan is one example of this.

As part of the Clean Fuels Transportation Program meeting its statutory mandate to "promote accelerated development and deployment of advanced transportation and fuel technologies" (quoted from https://ww2.energy.ca.gov/transportation/arfvtp/index.html), and to do so in a manner that does NOT adopt "any one preferred fuel or technology", alternative diesel fuel infrastructure merits meaningful inclusion in the 2019-2020 ARFTVP Investment Plan.

Inclusion of Alternative Diesel Fuels in the 2019-2020 ARFTVP Investment Plan

The historical LCFS program data and the clearly show that Biodiesel and other Alternative Diesel Fuels played a leading role in LCFS carbon credit generation to date and in the reduction in petroleum diesel usage in California, which also provides ancillary air quality benefits via the reduction of harmful particulate matter and hydrocarbon emissions. Furthermore, each of the various predictive scenarios for 2020 to 2030 growth in the LCFS program as published by the Air Resources Board's show that Biodiesel and the other Alternative Diesel Fuels will continue to play a huge role in carbon generation going forward. But that can only happen if there is continued growth in adapting current bulk and retail fuel infrastructure to support the importing, storage and blending of Biodiesel and the other Alternative Diesel Fuels. vThus fgar, the bulk fuel temrinals that have made the investments . Funding for

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enhancements and additions to existing bulk and retail fuel infrastructure via the Clean Fuels Transpiration Program can play a vital role in ensuring the development of ubiquitous state-wide distribution infrastructure for Alternative Diesel Fuels. As an example , a $2mil investment from the Clean Fuel Transportation program can offset a $5 mil investment in bulk fuel terminal to allow the blending of 30-60 mil gallons of alternative diesel fuel with petroleum diesel that generates carbon reductions of 295,000 -590,000 metric tons, which is equivalent to talking 64,000 to 128,000 car off of California roads[3]. As another example, a $200,000 investment could enable a retail fueling pump and storage for allowing for the sale of 10 mil gallons of Alterative Diesel Fuel per year, which would like removing 2,560 cars from California highways. These would be very significant and much better returns on investment compared to some of the alternatives being advocated in the current 2019-2020 ARFTVP Investment Plan. The California Advanced Biofuels Alliance, a not-for-profit trad e association representing a broad array advanced biofuel stakeholders, estimates a need for between 25-40 projects ranging from bulk fuel terminal retrofitting to dedicated renewable fuels distribution racks offering blends of Alternative Diesel Fuels to deliver a 100% renewable transportation fuel solution that would yield even more significant carbon reductions . These projects have been estimated to cost between $500,000 - $2 million each.

For the reason stated above , we urge the California Energy Commission to amend its 2019-2020 ARFTVP Investment Plan to include meaningful funding for Alternative Diesel Fuel infrastructure.

Sincerely,

Harry Simpson
Presdient and CEO

[3] According to the U.S. EPA, a typical passenger vehicle emits approximately 4.7 metric tons of carbon dioxide each year, https://www.epa.gov/greenvehicles/greenhouse-gas-emissions-typical-passenger-vehicle