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Neste Comments on 21-ESR-01

Additional submitted attachment is included below.

November 30, 2022

VIA ELECTRONIC FILING

California Energy Commission
Docket Unit, MS-4
715 P Street
Sacramento, CA 95814

RE: Request for Information–Clean Energy Resources for Reliability, Docket No. 21-ESR-01

Dear Vice Chair Gunda:

Neste appreciates the opportunity to comment on the California Energy Commission's Request for Information on Clean Energy Resources for Reliability (docket no. 21-ESR-01).

Neste is the world's largest producer of renewable diesel and sustainable aviation fuel (SAF) refined from waste and residues. During the past ten years, Neste's transformation journey has taken it from a local oil refining and service company to a global leader in renewable and circular solutions. Neste's goal is to achieve carbon neutral production by 2035 and supply California with products that will enable the state to be carbon neutral by 2045. We are in the business of combating climate change by producing effective climate solutions, particularly for hard-to-decarbonize sectors including heavy-duty trucks and aviation. Our vision is to lead the way toward a sustainable future together.

We are writing to encourage the CEC to evaluate the use of renewable diesel in existing diesel generators, which vary in size and interconnection with the grid, as part of the Supply Resources in Table 1 as well as Distributed Technologies listed in Table 3 of the RFI.

Neste in California

Neste was one of the first suppliers of renewable diesel into California after the state implemented the nation's first Low Carbon Fuel Standard. In 2020, we supplied 40% of the renewable diesel (6% of the total diesel pool) sold in California. The U.S. Energy Information Administration (EIA) projects strong growth in the supply of renewable diesel for consumers on the West Coast including Martinez Renewables – a Neste Joint Venture with Marathon – scheduled to produce up to 730 million gallons annually by the end of 2023.[1]

Renewable Diesel

Neste MY renewable diesel is a hydrotreated vegetable oil (HVO) made from 100% sustainably sourced renewable raw materials such as used cooking oil and animal fat from

[1] https://www.eia.gov/todayinenergy/detail.php?id=48916

food industry waste. Our fuel is chemically identical to fossil diesel, meets ASTM D975 specifications, and can be used as a 100% replacement to fossil diesel. Over the course of the life cycle, It is a drop-in solution and requires no modification to existing infrastructure or equipment. Neste MY renewable diesel is stable and can be stored for extended periods of time – far longer than fossil diesel or fatty acid methyl ester (FAME) biodiesel – and performs well in cold temperatures.

Use in Power Generation

Diesel generators are able to provide uninterrupted power during periods of peak electricity demand. Currently, diesel generators fueled by renewable diesel are utilized in the state in a variety of sectors. They are a recognized and reliable energy source that is readily dispatchable to support facility operations and demand response actions.

Renewable diesel has been providing environmental benefits to California for years through its deployment in medium and heavy duty trucks that drive the state's critical goods movement economy. Neste MY renewable diesel reduces greenhouse gas (GHG) emissions by up to 75% over the course of the life cycle when compared to fossil diesel. As part of its Low Carbon Fuel Standard (LCFS) and related rulemakings, the California Air Resources Board (CARB) has noted that renewable diesel use leads to significant reductions in NOx, PM, and other air pollutants.

In addition to the LCFS, the state has recognized the value of renewable diesel as a clean fuel in other policies. For example, CARB recently adopted a new regulation requiring the use of renewable diesel in Commercial Harbor Craft beginning in 2023 and in updates to its Off-road Diesel regulation requiring the use of renewable diesel beginning in 2024.

We encourage the CEC to consider the use of renewable diesel as a 100% replacement for fossil diesel backup generators as it evaluates clean energy resources. Please feel free to contact me if you have any questions regarding this submission.

Sincerely,

Peter Dahling
Manager, West Coast Legislative Affairs