

DOCKETED

Docket Number:	15-OIR-02
Project Title:	Modification of Alternative and Renewable Fuel and Vehicle Technology Program Funding Restrictions
TN #:	204432
Document Title:	AEMETIS/Andy Foster Comments: CEC Regulation Title 20 CCR3103-AB118 Funding Restrictions
Description:	N/A
Filer:	System
Organization:	AEMETIS/Andy Foster
Submitter Role:	Public
Submission Date:	4/29/2015 11:20:27 AM
Docketed Date:	4/29/2015

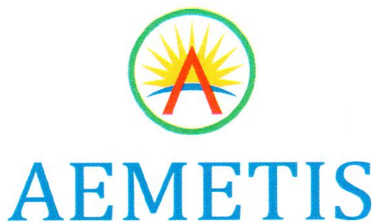
Comment Received From: AEMETIS/Andy Foster

Submitted On: 4/29/2015

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CEC Regulation Title 20 CCR3103-AB118 Funding Restrictions

Additional submitted attachment is included below.



February 11, 2015

Commissioner Janea Scott
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

RE: CEC Regulation Title 20 CCR3103-AB118 Funding Restrictions

Dear Commissioner Scott,

Aemetis Advanced Fuels Keyes, Inc. owns and operates a 60 million gallon per year renewable fuel production facility in Keyes, California. Along with other low-carbon renewable fuel producers in California, Aemetis actively supports AB118 and California's Low Carbon Fuel Standard (LCFS), and together, provides the vast majority of the state's LCFS compliance requirements for renewable low-carbon transportation fuels. Ethanol made from corn (and other grains like sorghum) have accounted for 60% of the GHG credits generated to date under the program.

Along with Calgren Renewable Fuels and Pacific Ethanol, Inc., Aemetis is pleased to participate in a CEC grant program (PON 13-609) which will expand the utilization of grain sorghum for the production of fuel ethanol, as well as the development of an in-state grain sorghum growing program to further increase the availability of sorghum as a primary feedstock for biofuel production.

As a supplier of low-carbon fuel ethanol, Aemetis should not be considered an obligated party under the Low Carbon Fuel Standard (LCFS) / AB 32, and therefore not subject to the 3103 regulation. If Aemetis Keyes was subject to the 3103 regulation, the resulting decrease in award value would have a negative impact on our ability to successfully support the objectives of PON 13-609 and AB 118 to increase the availability of low-carbon transportation fuels in the California marketplace.

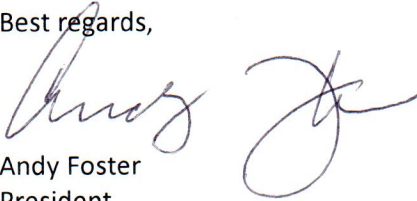
The CEC approved program budget for the Aemetis PON 13-609 grant award contemplates the full value of the grant being applied to the local development and acquisition of a low-carbon feedstock (grain sorghum). If the 3103 regulation were applied to PON-609, the resulting reduction in funding would immediately put at risk our ability to economically develop and acquire the 90,000 tons of low-carbon feedstock for fuel production under the California In-State Sorghum Program. We do not believe that the regulation was ever meant to apply to voluntary producers of low carbon fuels – those who do so under no obligation – but rather was intended for to apply to obligated parties required to produce alternative fuels as a compliance mechanism for LCFS, AB118, or AB32.

As California presses forward to promote and support the commercial development of additional low-carbon transportation fuels to fulfill the mandate of AB118, applying the 3103 regulation to non-obligated, low-carbon, renewable fuel producers would likely have a detrimental effect on our investment in, and commercial development of, lower-carbon transportation fuels and next-generation technologies. This would stand in stark contrast to the objectives set forth by AB118, the California Energy Commission, and the California Air Resources Board to significantly increase the availability of lower-carbon transportation fuel from non-corn feedstocks.

The low-carbon transformation of California's transportation fuel complex requires a significant investment from non-obligated parties like Aemetis and other renewable fuel producers. The CEC has provided a meaningful platform, through AB118 grant programs, to assist and expedite this transformation. Removing incentives, which are essential for the economic viability of new projects, is antithetical to the overall objective and legislative intent of AB118, as well as the regulatory requirements that are currently being met by California's low-carbon, renewable fuel producers.

Thank you in advance for your consideration, and please don't hesitate to contact us if you have any questions or require additional information.

Best regards,

A handwritten signature in blue ink, appearing to read "Andy Foster", followed by a large, stylized flourish or initial.

Andy Foster
President
Aemetis, Inc.