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ARFVTP: 3103 Regulation Response Form

1. What are the possible impacts for your project with the credit discount provision and the timeframe for when you expect to generate credits.

Pacific Ethanol produces ethanol at two facilities in Madera and Stockton California. We believe that as a supplier of low carbon fuel we are not considered an obligated party under the LCFS. However, if the 3103 regulation were to apply to Pacific Ethanol a reduction in award value would have a negative impact on the AB 118 objectives of increasing commercial availability of low carbon transportation fuels.

The program budget for the award granted for PON-13-609 was based on full value of award being directed to the development and acquisition of alternative feedstock. If we were to reduce the amount of funding for these development efforts, we would risk not meeting the objectives of our program to purchase 90,000 tons of alternative feedstock and to support the California In State Sorghum Program.

Applying this regulation raises additional uncertainty and risk in what is already an nascent and emerging industry focused on significantly meeting the objectives of AB 118 and that of the California Air Resources Board of demonstrably increasing the availability of low carbon fuel from non-corn feedstock.

2. We would also like to provide you the opportunity to provide a statement for our record.

Pacific Ethanol urges the CEC to acknowledge that 1303 does not apply to Pacific Ethanol for purposes of PON-13-609. In the alternative and in the event that CEC believes 3103 does apply, Pacific Ethanol urges the CEC to waive the application of the regulation to the PON-13-609 award as it would significantly reduce the company's ability to meet program objectives.

Furthermore, Pacific Ethanol suggests that the regulation be specifically exempted from future PON's of the CEC as it is inconsistent with the objectives of AB 118 and AB 32.