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The LCFS would benefit from diesel substitute infrastructure

CA consumes roughly 4 billion gallons of diesel per year. Since 2010, the renewable portion of California's diesel use has increased from less than 1% to nearly 22% in 2019. We believe the overall diesel demand will decrease to approximately 3.4 billions gallons by 2030. With an anticipated 80% supply of renewable diesel and 20% of biodiesel, 100% clean sustainable diesel can replace petroleum diesel by 2030.

LCFS attracts biodiesel and renewable diesel from areas of the globe where it is much cheaper to produce. Even with transport costs, it is still extremely attractive to ship these fuels in to California. The problem is that there is very limited storage and distribution infrastructure available in California, and nearly all of it is within petroleum distribution channels. The result is a perpetual glut in the market resulting in demand for deep discounts to downstream retail, refiners and traders (note these discounts do not get to the end user) who own limited proprietary infrastructure. California producers are unable to compete with the influx of cheap discounted biodiesel which results in an under-utilization of in-state production capacity.

What California needs to do is issue a solicitation that directly funds the increase of storage, blending and distribution infrastructure for 100 percent renewable fuels including diesel substitutes, specifically focusing on non-petroleum infrastructure development. This would de-bottleneck in state producers and facilitate the dramatic decarbonization of the heavy duty diesel sector.

The biodiesel industry is targeting blends of RD & BD in California at non-petroleum, 100% renewable bulk fuel terminals. These will result in a carbon reduction ROI of between 50-75 cents per MT of CO₂e GHG reduction over the next 10 years but beginning as soon as 2021 with some minor financial investment from CEC. There will also be significant criteria tailpipe emissions reduction, and will enable full utilization of in-state production capacity at sustainable margins for producers, many of whom have built out production capacity with CEC funds....so this enables complete utilization and returns on those investments as well.