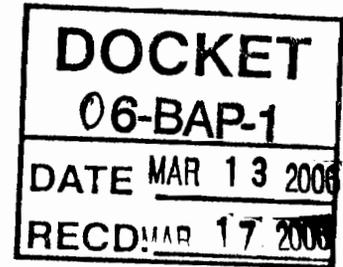


Fred Keeley  
Treasurer  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, California  
95060



March 13, 2006

Honorable Arnold Schwarzenegger  
Governor of the State of California  
State Capitol  
Sacramento, CA 95814

Dear Governor Schwarzenegger:

California must immediately take a comprehensive look at our energy policy and define ways to encourage greater energy self reliance and improved air quality. A Renewable Fuels Standard for transportation fuels that places biofuels at the center of the policy discussion is a critical part of this effort.

As part of a comprehensive policy approach, it should be recognized from the outset that California's path toward more sustainable energy use and greater energy self-sufficiency will not be linear – and will necessarily require innovation from both the public and private sectors.

Anyone tracking the California Air Resources Board (CARB), and the work of the air quality districts, should be greatly encouraged that California has just recorded its best successive air quality results in many years during the past two years. However, there is much that can be done, and encouraging the use of existing and future biofuel sources is absolutely essential in reducing future CO2 emissions. In fact, a sensible policy in addressing the accelerating impacts of greenhouse gas emissions would have us start with the premise that we should strive to reduce greenhouse gases and then work to attain other emissions reductions at the same time.

The moment is upon us to admit that the status quo is not working. California must encourage the rapid development of a reliable in-state energy supply for transportation that reduces our dependence on imported oil. I would encourage the CARB to adopt policies that recognize the need for both flexibility and comprehensive monitoring of air quality results to embrace a path that encourages rather than restrains the usage of biofuels.

Adopting an energy policy framework that in the short term will enable the use of ethanol at levels up to 10 percent in blended fuels will put California on the path to becoming a viable producer of e85 and other biofuels. As technology and production improves, California will be poised to continue to lead the nation in the adoption of alternative

Page 2

energy sources that may ultimately lead to the Hydrogen Superhighway. If we do not act appropriately today, however, we risk the loss of jobs, air quality gains, economic and environmental benefits to other states that will embrace a path of energy innovation.

In considering new policies, California should ensure that short-term regulations will not impair our ability to participate in long-term solutions down the road. The California Energy Commission's Draft Bioenergy Action Plan lays out good recommendations to help put our state on track to expand our use and production of biofuels. Developing a new market for clean biofuels is important for California's environmental, economic and security future. Investing in biofuels will reduce our emissions now and help us prepare for a better energy future.

Sincerely,

A handwritten signature in black ink, appearing to be 'FK', with a long horizontal line extending to the right.

FRED KEELEY  
Treasurer  
County of Santa Cruz

CC: California Energy Commission Chair Joe Desmond  
California Energy Commissioner James Boyd  
California Air Resources Board Chairman Dr. Robert Sawyer