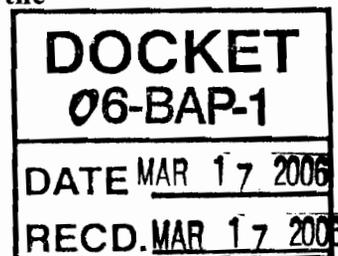


Comments of the Natural Resources Defense Council (NRDC) on the
Draft Consultant Report:
Recommendations for a Bioenergy Action Plan for California
Docket 06-BAP-1

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The Natural Resources Defense Council (NRDC), on behalf of more than 130,000 California members, appreciates the opportunity to comment on the **Draft Consultant Report: *Recommendations for a Bioenergy Action Plan for California* (Docket 06-BAP-1)**. NRDC applauds the efforts of the Working Group to coordinate across the member agencies to clean up the environment, increase fuel choice and invigorate the economy. The focus of these comments is on the Draft Recommendations that deal with transportation fuels.

NRDC supports the four broad policy objectives that serve as the basis for the recommendations of the report. NRDC is a strong advocate for the increased use of biofuels throughout the country. We have particularly strong support for efforts that move California and the rest of the country toward greater use of cellulosic biofuels because they contribute to the largest reductions in global warming pollution and petroleum use. We encourage the Working Group to advocate for programs that leverage state and federal funding to advance cellulosic biofuel production and deployment. We acknowledge that the commercialization of cellulosic biofuels will take time to ramp up, but California should act now to create a vehicle fleet and infrastructure that will be able to take maximum advantage of the fuel's benefits when it is more widely available.

The Working Group should emphasize the deployment of E-85. To maximize the environmental benefits of biofuels production and maximize the displacement of petroleum in the long run, the state needs an extensive network of E-85 retail stations and vehicles that can run on the fuel. California should develop an E-85 infrastructure strategy and implementation plan, similar to what was done for the Hydrogen Highway Blueprint, which details how stations and vehicles should be deployed in the state and what they will cost. California should also investigate ways to get more FFVs on California roads and ways to ensure that price of E-85 is attractive to consumers. E-85 is the right choice for large-scale petroleum displacement in the future because it is consistent with the state's current mandate to protect the environment and provides a means of achieving increasing levels of renewable fuels beyond an initial renewable fuels standard.

High-blend ethanol avoids air quality challenges while maximizing petroleum displacement. It is uncertain what percentage of low-blend ethanol can be used as an additive while preventing increases in ozone pollution. The idea that air quality can be protected while doubling the current low-blending levels (to reach a 2 billion gallon target, for example) is even more in doubt. The use of low blend ethanol increases

evaporative volatile organic compound (VOC) emissions through permeation, and in older vehicles, the current blend level increases emissions of nitrogen oxides (NO_x). Low blend ethanol can also have a beneficial effect of reducing emissions of carbon monoxide (CO). To determine the level of blending that protects air quality, the impact of all three of these emissions must be considered together to ensure no net increase in smog.

Any increase in smog-forming emissions is a serious problem. Currently, the South Coast, as an example of one region that is suffering from severe ozone problems, is unable to identify sufficient measures to cut ozone pollution enough to meet National Ambient Air Quality Standards, and any increase in ozone-precursors could further increase that deficit. E-85 used in FFVs, on the other hand, does not bring along the same air quality liabilities. Therefore, promoting more E-85 is a way to increase biofuels use without the risk of increasing ozone pollution.

The Draft Recommendations specifically call for the state to “establish a broad-based” renewable fuel standard, and the definition of ‘broad-based’ should be clearly stated. It is NRDC’s understanding that “a broad-based” RFS goes beyond a low-blend ethanol requirement and actually prioritizes the greater use of E-85 and other renewable fuels. That way, air quality is protected and the long-term infrastructure goals to use cellulosic ethanol are met. The Working Group should specify that any RFS targets should be met by maximizing high-blend ethanol and other renewables in a way that is safe for the environment.

Minimum consumption levels for ethanol should only be set as part of an RFS that protects air quality. On page 38, Recommendation f.1) says that CARB should “propose minimum annual statewide ethanol consumption levels to encourage in-state production opportunities until the details of the proposed state RFS are developed.” Since this recommendation is tied to the Predictive Model rulemaking, it is effectively a ‘temporary RFS for low-blend ethanol.’ Minimum blending requirements, however, should not get ahead of the Predictive Model process, which is designed to protect air quality. Any temporary, near-term RFS must have the same air quality protections as the detailed RFS—also, note that a near-term RFS is likely to have more air quality challenges because of the older vehicle fleet. Therefore, the Working Group should clarify the language of the recommendation to ensure that any minimum ethanol use requirements in reformulated gasoline follow the update of the Predictive Model and are set in way that will protect air quality.

To conclude, the Bioenergy Action Plan and the March 31st report to the Governor should emphasize two actions that the State should take:

- 1. Develop an E-85 deployment plan that considers the availability of FFVs, E-85 retail pumps and the cost of the fuel.**
- 2. Adopt targets for increased alternative fuel use based on the findings of the Predictive Model review and the alternative fuels assessment that is required as part of AB 1007 (Pavley, 2005).**