

November 2, 2006

Lorraine White  
AB 1007 Project Manager  
California Energy Commission  
Docket Office  
Attn: Docket 06-AFP-1  
1516 Ninth Street, MS-4  
Sacramento, CA 95814-5512

<b>DOCKET</b>	
<b>06-AFP-1</b>	
DATE	Nov 02 2006
RECD.	Nov 02 2006

**Comments on AB 1007**  
**Docket No. 06 – AFP – 1**  
**Alternative Transportation Fuels Plan Workshop**

Dear Ms. White:

With respect to the October 16 workshop and solicitation of public comment concerning AB 1007, we would like to make some comments for consideration.

Gladstein, Neandross and Associates is a leading consulting organization in the field of alternative fuels and clean vehicles, based in Santa Monica CA. On behalf of our client, Apollo LNG, Inc. and Earth BioFuels, subsidiaries of Apollo Resources, we would like to comment as follows:

We note that natural gas is a proven, effective fuel for vehicles either as CNG (compressed natural gas) or LNG (liquefied natural gas). Use of these fuels is not only a 100% petroleum displacement strategy, but can also reduce significant criteria air pollutants and greenhouse gases relative to gasoline and diesel fuel. We do not, however, feel it is necessary at this time to comment on the benefits accrued through the end use of CNG and LNG fuel technologies, since those are already listed and will be evaluated as implementation of AB 1007 proceeds.

However, in the evaluation, a “wells to wheels” approach will be taken. We would like to ensure that in that process, consideration is given to the opportunity to produce LNG (or CNG) from California sourced biological resources such as anaerobic digester gas (ADG), landfill gas or other such sources.

We suggest that fuels made from ADG and other renewable, off-pipeline sources of natural gas fuel should be considered “Biofuels” in your analysis and policy recommendations.

Our client is a leading distributor of LNG in the state, and is planning to construct a new LNG plant to enable expansion of his business. Our client is particularly interested in the use of dairy wastes to produce ADG, and then subsequently using the ADG either as feedstock for an LNG liquefier, or to power all or part of the liquefaction plant. In this



pursuit our client has identified potential dairy sources of ADG and is now examining the feasibility of a medium scale (150,000 gpd) LNG plant to be located in the Central Valley.

The benefits of using ADG in this process include:

- The use of a complete renewable fuel that does not require mining, harvesting or other processes that have harmful environmental consequences.
- The fuel is produced in California as a byproduct of a vibrant California industry. Ultimately using the ADG as vehicle fuel reduces the dependence of our state on imported petroleum.
- If animal manure is spread on crops, it is a greenhouse-inefficient process because methane will be generated and simply released to atmosphere. By putting waste through an anaerobic digestion process, methane and CO<sub>2</sub> are created. The methane, rather than simply being released, will be subsequently liquefied and then combusted in a vehicle. In this way, methane which is a powerful greenhouse gas is converted to a less harmful form (CO<sub>2</sub>) in a vehicle engine. This will enable significant greenhouse gas reduction relative to spreading the waste on crops. The digester also produces high quality, low odor organic matter, which is now ideal for crop fertilization.
- As LNG is a primarily a fuel used in heavy-duty bus and truck applications, it is extremely effective at reducing large volumes of petroleum consumption.

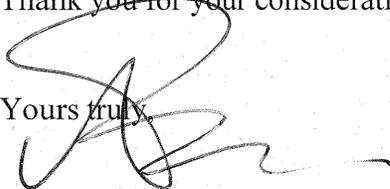
Similar positive environmental benefits are benefits accrued through the use of gas captured from a landfill, municipal wastewater treatment plant, or other such sources. We believe that these concepts have merit for inclusion in the AB 1007 alternative fuel evaluation, and that the concept further should be considered for grants and incentives under that program.

Whether or not biological feedstocks ultimately prove economically viable, our client intends to continue their development of additional sources of LNG supply for California. That is of course an expensive proposition and one deserving of support within the mandate of AB 1007.

I would be very pleased to meet with the appropriate people in Sacramento to discuss this further. Please call me at 310-886-9607 so that I may schedule an appointment to discuss this with you.

Thank you for your consideration.

Yours truly,

  
Alan P. Basham  
Executive Vice President.