June 8, 2007

Mr. Mike McCormick
c/o California Energy Commission
Dockets Office, MS-4
1516 Ninth Street,
Sacramento, CA 95814-5512

Subject: AB 1007 Docket
Alternative Fuels Plan for the State of California

My name is Jim Stewart. I am Chairman of the Board of the Bioenergy Producers Association--a coalition of companies dedicated to the commercialization of clean technologies that produce renewable electricity, fuels, and chemicals from agricultural, forestry and urban biomass, and plastic wastes. We believe these new industries have a critical role to play in building California's sustainable future, including reduction of petroleum dependency and greenhouse gas emissions, and enhancement of the State's agricultural base, air and water quality, forest health and wildfire protection, landfill diversion and economic development.

The Association I represent was pleased to provide input to the Alternative Fuels Plan, but disappointed to find that the plan makes almost no direct reference to waste-to-energy as an element in the state's long-range goals.

During 2007, the state of California will landfill 42 million tons of post-recycled organic wastes. From that amount of waste, let alone California's other existing waste resources, conversion technologies could produce some 2.7 billion gallons of ethanol and some 2,500 MW of power. That is more than twice the amount of ethanol currently being imported to the state, and we could produce it right here within our own borders.

Organic wastes, as opposed to cellulosic plant materials, offer substantial benefits as feedstocks for ethanol and other biofuel production.

As the materials are readily available in local communities, they do not require the energy, land use, water use and economic investment required to grow, harvest and transport the materials.

Thus, aggregate CO2 emissions would be less, and even more favorable to the state from waste-to-energy than traditional enzymatic cellulosic biofuels. The potential for ethanol from carbon-based wastes and hydrocarbons was not quantified in your report, nor was the additional reduction in emissions attendant to these fuels.

The study should examine the costs associated with the importation of corn kernels for ethanol production in California, as well as the strain on the state's agricultural resources that will be created by the use of water in traditional corn ethanol production and the growing of cellulosic plant materials.

Conversion technologies, if provided a reasonable statutory and regulatory environment for permitting, are ready for commercial implementation now in the state. Their implementation would significantly reduce the timetable for implementation and integration of biofuels that is presented in the Alternate Fuels Plan.

The entire focus of the AFS ethanol implementation storyline is based on the assumption that biofuels will be implemented principally as a blending stock. Such a strategy conveys to the major petroleum companies an immense amount of control over the implementation, timing and marketing of these fuels. The role of government should be to incentivize the introduction of E-85 gasoline pumps in the state, and to encourage the petroleum industry to cooperate in this effort by amending provisions of their dealer franchise agreements to enable the installation and promotion of E–85 equipment.

The automobile manufacturers have made a commitment to E-85 vehicles and they will become generally available over the next ten years. The petroleum industry must pro-actively play its part in supporting this commitment.

The study establishes the premise that cellulosic sugar pathways represent the upper boundary of ethanol production capacity for the state, with all other approaches falling within those boundaries. We do not agree. We believe there is enough carbonaceous material generated in the United States annually to achieve energy independence.

The study contemplates a traditional petroleum distribution model, whereas biomass resrouces lend themselves to a distributed energy model, where fuels can be produced and be available for blending and distribution within a smaller radius of where they are produced.

Denaturants are being developed for ethanol fuels that will raise the BTU value of ethanol to an equal status with gasoline. This is but one example of how the study is not addressing the potential advances in biofuels that can be achieved in the relatively near term.

Among the other issues that need to be referenced in the challenges facing the state's alternative transportation fuel supply options. Our association believes that one of the greatest challenges facing the state comes from its own repressive statutory and regulatory policies.

Current statute equates conversion technologies with incineration and disposal rather than diversion. It defines conversion technologies as "transformation" facilities, thus requiring them to be permitted as major solid waste disposal facilities, under the same regulations that govern the permitting of landfills, whereas conversion technologies are manufacturing processes that happen to include organic wastes among their range of potential fuels.

California law lags behind other states by artificially limiting the concept of "beneficial use" to traditional recycling and composting. New York, for example, provides a more flexible regulatory framework based upon specific performance, rather than technologies. This is a quote from New York's regulatory statutes:

'When granting a beneficial use determination, the department shall determine, on a case-by-case basis, the precise point at which the solid waste under review ceases to be solid waste. Unless otherwise determined for the particular solid waste under review, that point occurs when it is used in a manufacturing process to make a product or used as an effective substitute for a commercial product or used as a fuel for energy recovery" [6NYCRR360-1.15 (d)(3)].

California's municipalities will not receive diversion credits if they devote their urban wastes to renewable fuels production, and they therefore have no incentive to cooperative in meeting the states goals for low-cost liquid and electric energy and energy independence.

Major incentives for the production of ethanol and electricity from waste are available from the federal government. However, the State will never participate in these federal incentives if its bioenergy industry is burdened with and must function under current statute and permitting procedures. I can tell you that we, as bioenergy producers, currently have no alternative than to focus our financial resources on the introduction of our technologies in other states.

The bioenergy industry has matured and is ready to move forward. Our member companies are prepared to demonstrate that they can operate within the same stringent standards for air and water quality required of other manufacturing operations, indeed that we can far exceed these standards.

Conversion technologies do not dispose of wastes. They convert them to beneficial products, and in so doing, offer California the opportunity to reduce the proliferation of landfills and the agricultural land-spreading of sewage sludge, to assist municipalities in reducing their costs of waste disposal, and enable the State to take control of its own destiny in meeting its demand for low-cost liquid and electrical energy.

However, we need environmental and air quality standards and regulations, consistently applied on the basis of standards of performance, in order to meet California's mandated goals for renewable liquid energy and green power.

Thank you.

James L. Stewart
Chairman of the Board
BioEnergy Producers Association