

**Joint Workshop on the Alternative and Renewable Fuel and
Vehicle Technology Program and
Air Quality Improvement Program**

WEDNESDAY, APRIL 2, 2008
California Energy Commission
1516 Ninth Street
Sacramento, California 95814
First Floor, Hearing Room A

Presentation 1: Introduction to Alternative and Renewable Fuel and Vehicle
Technology Program - California Energy Commission, Fuels
and Transportation Division, Deputy Director, Mike Smith

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Alternative and Renewable Fuel and Vehicle Technology Program

AB 118 Kick Off Workshop California Energy Commission

April 2, 2008

Michael Smith
Deputy Director
Fuels and Transportation Division



Fundamental Requirements

- Determine definitions of terms
- Establish sustainability goals
- Identify revenue streams
- Ensure that results can be measured and quantified
- Implement "anti-backsliding" guidelines
- Do not fund projects required to be undertaken pursuant to state or federal law or district rules or regulations

Purpose of the Program

- Develop and deploy innovative technologies to transform California's fuels market
- Expand alternative and renewable fuels with any one preference
- Advance the goals established in the State Alternative Fuels Plan (AB 1007 report)
- Grants, revolving loans, loan guarantees, loans, or other appropriate measures to public, private and academic entities

Program Criteria

- Provide transition from petroleum fuels to a diverse portfolio of alternative fuels that meet petroleum reduction and alternative fuel use goals
- Consistent with climate change policy and low-carbon fuel standard
- Decrease, on a life-cycle basis, air and water pollutants and reduce or avoid multimedia environmental impacts
- Do not adversely impact the sustainability of the state's natural resources

Program Criteria (Con'd)

- Provide non-state matching funds
- Provide economic benefits
- Use existing or proposed fueling infrastructure
- Reduce on a life-cycle assessment greenhouse gas emissions by at least 10 percent
- Use of alternative fuel blends of at least 20 percent
- Drive new technology advancement and promotes the deployment of that technology in the marketplace

Eligible Projects

- Develop and improve alternative and renewable low-carbon fuels
- Optimize alternative and renewable fuels for existing and developing engine technologies
- Produce alternative and renewable low-carbon fuels in California
- Decrease the overall impact of an alternative and renewable fuel's life-cycle carbon footprint and increase sustainability

Eligible Projects (Con'd)

- Fuel infrastructure, fueling stations, and equipment
- Improve light-, medium-, and heavy-duty vehicle technologies
- Retrofit medium-and heavy-duty on-road and non-road vehicle fleets
- Infrastructure connected with existing fleets, public transit, and transportation corridors
- Workforce training programs
- Education, promotion and vehicle technology centers

Implementation Activities

- Appoint and convene Advisory Committee
- Develop and adopt Investment plan
- Develop, adopt and publish regulations
- Appropriation for FY 2008/09
- Solicit funding proposals

Advisory Committee

- Help develop the Investment Plan
- Statute specifies the types of entities represented
- Participating entities will not be eligible to apply for or receive funding
- First meeting is planned for early May
- Subject to Open Meeting Act requirements
- Public input welcomed
- Written transcripts of each meeting

Investment Plan

- Determine priorities and opportunities
- Describe how funding will complement existing public and private investments
- Identify strategic partnerships to extend the reach and effectiveness of our funds
- Energy Commission adoption in October 2008
- Updated annually

Regulations

- Order Instituting Rulemaking (OIR 06-0130-05) approved on January 30, 2008
- Clarify ambiguities in statute and create certainty and transparency in the administration of the Program
- Workshops planned for June and August 2008
- Energy Commission adoption in September 2008
- Send to OAL in December 2008
- Publish in March 2009

Regulations (Con'd)

- Define sustainability goals
 - Working very closely with ARB
 - Bioenergy Conference in late May
 - Request for Proposals to research sustainability and modify GREET model
- Identify revenue streams
- Measure and quantify results
- Projects required by laws, rules or regulations
- Advisory Committee requirements
- Investment Plan as a guidance document
- Define ratepayer benefits

FY 2008/09 Appropriation

- \$100 million proposed in Governor's Budget for project funding and \$900 thousand for positions and travel
- \$10 million from the Public Interest Research, Development and Demonstration Fund
- Two-year encumbrance request

Solicit Proposals

- Begin planning solicitations in late 2008 after the Investment Plan is adopted
- Begin soliciting for funding proposals in Spring of 2009 after regulations are published

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Dockets

- 08-OIR-1 for the rulemaking only
- 08-ALT-1 for the program in general