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Alternative and Renewable Fuel and Vehicle Technology Program

Advisory Committee Meeting
May 19, 2008



Michael Smith
California Energy Commission

State Policy Initiatives

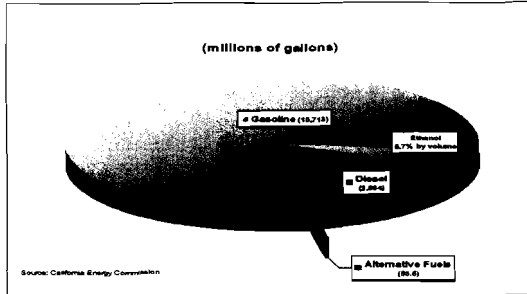
- Reducing California's Petroleum Dependence: first recommended state alternative fuels goals in 2003
- Bioenergy Action Plan: sets aggressive goals for in-state biofuels production
- Global Warming Solutions Act (AB 32): cap GHG emissions to achieve 1990 levels by 2020
- Low Carbon Fuel Standard: reduce carbon intensity of fuel by at least 10 percent by 2020
- State Alternative Fuels Plan (AB 1007): a "blue print" for advancing new fuels and vehicles
- Alternative and Renewable fuels and Vehicle Technologies Program (AB 118): based on the CalSTEP plan to establish a comprehensive fuels program

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Purpose of the Program

- Transform California's transportation market from petroleum dependence to a diverse portfolio of alternative fuels
- Consistent with climate change policy and low-carbon fuel standard
- Achieve the petroleum reduction and alternative fuel goals established in the State Alternative Fuels Plan (AB 1007 report)
- No silver bullet

Alternative Fuels Demand



Fundamental Requirements

- Establish sustainability goals
- Projects required to be undertaken pursuant to state or federal law or district rules or regulations
- Ensure that results can be measured and quantified
- Implement "anti-backsliding" guidelines
- Grants, revolving loans, loan guarantees, loans, or other appropriate measures

Funding Preferences

- On a life-cycle basis, decrease air and water pollutants and reduce or avoid multimedia environmental impacts
- On a life-cycle basis, decrease greenhouse gas emissions by at least 10 percent
- Use of alternative fuel blends of at least 20 percent
- Use existing or proposed fueling infrastructure
- Provide non-state matching funds
- Provide economic benefits

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

- 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 technology centers

Implementation

- Begin rulemaking to develop regulations
- Appoint and convene Advisory Committee
- Develop and adopt Investment plan
- Solicit funding proposals

Regulations

- Order Instituting Rulemaking (OIR 08-0130-05) 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 December 2008
- Submit to OAL in December 2008
- Publish in March 2009

Advisory Committee

- Help develop the Investment Plan
- Statute specifies the types of entities represented
- Provide strategic-level input
- Participating entities will not be eligible to apply for or receive funding
- Three meetings are planned:
 - May 19 in Sacramento
 - July 9
 - August 26
- Subject to Open Meeting Act requirements
- Public input welcomed
- Written transcripts of each meeting

Investment Plan

- Determine priorities and opportunities
 - Assess market potential for each fuel and vehicle technology
 - Determine barriers and opportunities for market entry or growth
 - Identify available incentive mechanisms
 - Determine suitability incentive mechanisms
 - Allocate funding according to need, opportunity, and potential
- Describe how funding will complement existing public and private investments
 - Identify public and private fund sources
 - Identify strategic partnerships
- Draft plan at next Advisory Committee meeting

Investment Plan

- Based on staff evaluations, Advisory Committee input and public comment
- High level findings, not project specific
- Near-, mid-, and long-term strategies
- Invigorate business development and market creation
- Initial plan to be adopted in October 2008
- Update annually
- Initial plan will cover FY 08/09 and FY 09/10
- Future plans also based on fiscal years and adopted in advance of budget hearings

Solicit Proposals

- Begin planning solicitations in late 2008 after the Investment Plan is adopted
- Public process to develop solicitations
- 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
