



California Independent Oil Marketers Association
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January 23, 2009

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 08-ALT-1
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET

08-ALT-1

DATE JAN 23 2009

RECD. JAN 23 2009

Subject: Docket No. 08-ALT-1: AB 118 Investment Plan

To Whom It May Concern:

The California Independent Oil Marketers Association (CIOMA) communicates its comments to the Draft AB 118 Investment Plan via this transmittal. We appreciate the significant work that has gone into the Draft Plan and the related support documents and presentations. We believe that the plan proposes a logical and ambitious plan in assisting government and businesses reduce energy usage. Energy conservation is clearly a “win-win” proposition as there is economic incentive to drive the significant expenditures needed to develop new technologies and energy consumption pathways.

CIOMA represents independent marketers who purchase gasoline and other petroleum products from refiners and sell the products to independent gasoline retailers, businesses, and government agencies, as well as representing branded “jobbers” who supply branded retail outlets, especially in rural areas. Our members are primarily small, family owned businesses who encounter unique difficulties in meeting California’s complex and increasingly expensive environmental requirements. We represent approximately 400 members, about half of whom are actively engaged in the marketing and distribution of petroleum products and fuels. Since our members currently distribute the predominance of liquid petroleum fuels to California consumers, we have a vested and immediate interest in this proceeding.

We have three areas of comment:

1. We agree with a “shotgun” approach rather than a “rifle barrel” approach. In looking at the variety of technologies and energy pathways involved in imagining a society with huge carbon consumption reductions, it is clear that there is no clear path. It would be unwise (and possibly a neglect of fiduciary responsibility) for the Commission to start trying to determine “winners” and “losers” at this early juncture. Therefore it is prudent to invest in a variety of technologies and approaches. We also urge the attention to augmenting near-term activities that will smooth the pathway(s) to transition. Two such areas are provided immediately following.
2. On Page 20 of the Draft Plan a list of possible funding targets related to low carbon fuels is presented. Our particular attention is drawn to the last recommendation in that chart, “Develop fuel blending terminals for renewable diesel and biodiesel fuels in Northern and Southern California.” We are concerned because this recommendation appears to focus on centralized fueling terminals rather than distributed fuel blending opportunities.

Under the current situation, a number of our members are blending biodiesel and providing it to commercial and industrial customers such as truck fleets, local governments, etc. This is happening at their facilities, commonly known as bulk plants, where they can blend to the customer's specification and deliver the quantity of fuel needed at the specified blend. Looking down the line (especially with the current controversy over the storage of biodiesel blends in underground storage tanks) we suggest that it is prudent to look at possible grants, loans or other financial assistance to our small & medium sized businesses for installation of storage and blending infrastructure which will facilitate more availability of biodiesel blends in the state. It also allows the creation of higher biodiesel blends based on customer needs, rather than attempting to create generic blends at large fueling terminals.

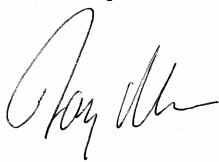
In addition, the large common carrier terminals have adequate resource capability and funding mechanisms to finance large-scale storage and blending equipment. With the current economic conditions, small businesses are finding it extremely difficult to obtain financing on speculative business opportunities.

3. Starting on Page 20 of the Draft Plan the Commission staff correctly notes issues related to standards and certifications on alternative fuel infrastructure and technologies. A current example of such a situation is the storage of biodiesel blends above 5% in underground storage tanks. This is due to lack of independent 3rd party certification of tanks, plumbing and monitoring equipment for storage of biodiesel. We suggest the immediate expenditure of AB 118 revenues to assist in the quick establishment of 3rd party certification for storage of biodiesel in UST's.

We offer our services in helping our member's partner with the State in developing a smooth, dependable transition from our current liquid transportation fuel mix to other, less-carbon-intensive forms of energy.

If you have any questions or need further information please do not hesitate to contact me at your earliest convenience.

Sincerely,



Jay McKeeman,
Vice President of Government Relations & Communications

cc: CIOMA Government Relations Committee
CIOMA Board of Directors