



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 _____
RECD. <u>FEB 27 2009</u>

James D. Boyd
Vice Chair and Presiding Member
Transportation Committee

Karen Douglas
Commissioner and Associate Member
Transportation Committee

Docket number 08-ALT-1, Investment Plan

Dear Commissioners,

Propel would like to enter the following comments to Docket Number: 08-OIR-1 on the Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program regarding the Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program Docket No. 08-ALT-1.

As presented, the Investment Plan focuses on the first two years of funding based on current market trends. Acknowledging the evolving nature of these trends, Propel supports the Commission's commitment to a dynamic document that will be appropriately updated to ensure program effectiveness over time. Propel recognizes that the Energy Commission must balance this investment roadmap across a variety of needs—research, development and deployment—for a variety of fuels.

For the purposes of developing the Investment Plan, the Commission has appropriately divided potential alternative fuel infrastructure investment opportunities across categories of carbon intensity. While Propel understands and appreciates the logic of such an approach, it is one that places Propel in an awkward position. Propel envisions itself as a potential infrastructure for all alternative fuels contemplated for the future. Not unlike the Investment Plan itself, Propel's customer delivery infrastructure will also evolve according market trends. However, at this moment in time, all alternative fuels are not created equal, particularly when it comes to infrastructure.

While the funds that flow from the AB 118 program are designed to correct for these infrastructure deficiencies, those operating the program must be careful not to lose sight of where the best business proposition exists at a given moment for meeting the goals of AB 118 –



reducing the volume of carbon-based fuel consumption – specifically molecules of petroleum products. We believe the Commission has embraced this approach by its large, initial allocation monies to support the state’s existing but aging natural gas fueling infrastructure. While some might argue that those monies should have been allocated to Super Ultra Low Carbon Fuels, the reality is that the business proposition for this latter group of fuels is still emerging, and a natural gas fueling infrastructure is going to be needed in transition to get us to future where Super Low Carbon Fuels are the only option.

Propel cannot help but note, however, that in allocating monies associated with this initial funding cycle, this same approach does not appear to have been fully considered in the funding of another transition fuel—biofuels—specifically relating to E85 infrastructure. Propel’s alternative fueling platform affords an opportunity to get E85 biofuels (Ultra-Low Carbon fuels) into the market place rapidly to a very large vehicle fleet that already exists in California. It is estimated that the number of E85-compatible vehicles penetrating California’s transportation fleet is increasing at a higher rate than electric vehicles and hydrogen vehicles. The opportunity to reduce the molecules of petroleum products being consumed in California’s transportation sector by the near immediate installation of hundreds of E85 stations in just a few years exceeds the ability to achieve that reduction from Super-Ultra-Low Carbon fuels over the next decade. On that basis, Propel would encourage the Energy Commission refine its allocation of initial AB 118 monies for the first funding cycle and reconsider its decision to fund Super-Ultra-Low Carbon fuels at twice the amount of Ultra-Low Carbon. Given the intent of AB 118 to invest in the most useful and productive projects to help California transition to a low-carbon future, the funding amounts proposed for these two categories ought to be reversed.

It is the intention of Propel to be a customer interface point for all alternative fuel options available to California. As California transitions away from petroleum fuels to zero-carbon fuels, Propel plans to provide Super-Ultra-Low Carbon fueling options throughout the state. However, in making decisions about how to allocate AB 118 funds in the initial years of the program, we must acknowledge the need to develop an infrastructure for the transition fuels that builds the bridge between the present and the future.

California currently has approximately one million diesel and Flex Fuel vehicles are on the road today, and we are projected to have over five million by 2012. These cars and trucks are the fastest growing segment of alternative fuel vehicles being purchased, and represent one of the best opportunities to achieve substantial mobile greenhouse gas (GHG) emissions now and in the near future.

A key missing link is the availability of renewable fuel infrastructure throughout the state. California currently has handful of alternative and renewable fueling stations statewide; there are a million vehicles that can run on renewable fuels and only a handful of places to fuel them.



This missed opportunity currently keeps California consumers from playing a more active role in building true markets for innovative fueling technologies that can help California achieve the goals of AB 32, Governor Arnold Schwarzenegger's Low Carbon Fuel Standard, and AB 118 (Nunez, 2007). Renewable fuel infrastructure needs to be deployed throughout the State as quickly as feasible in order to provide clean choices at the pump for all Californians.

Deployment of renewable fuel infrastructure empowers Californians to make a difference, helps provide long-term energy, environmental, and economic security for California, and fills a critical gap toward achieving the goals of AB 32.

Investing in alternative and renewable fuel infrastructure and fueling stations are among the most useful and productive allocations of AB 118 funds. Promoting alternative and renewable fuel infrastructure will be essential throughout the entire seven years of the AB 118 program, but it is especially critical to provide the last critical link in the supply chain as quickly as feasible.

In order for California to meet the goals established under AB 118 and AB 32, agencies, businesses, and organizations must come together to persuade and motivate consumers to make distinct and different choices today. These choices will actually provide a bridge to lower carbon fuels in the future. In order for this to happen, Californians must have direct access to clean fuels now and must have the ability to make choices at the pump for real consumer action.

Assembly Bill (AB) 118 identifies projects that are eligible to receive funding under the program, including projects to:

- Install alternative and renewable fuel infrastructure, fueling stations, and equipment.
- Promote alternative and renewable fuel infrastructure development connected with existing fleets, public transit, and existing transportation corridors.
- Conduct analyses, evaluations and assessments needed to assist in preparing the *Investment Plan* and implementing the program.
- Initiate education and program promotion within California and develop alternative and renewable fuel and vehicle technology centers.

Consumer-friendly programs, such as Propel's CleanDrive Program, allow consumers to quantify their individual benefits by using different fueling measures. The investment plan ought to prioritize these accessible tools that can efficiently and effectively educate California



consumers on what alternative fuels can be used now in order to help transform California's transportation sector to a low-carbon, cleaner, non-petroleum, and more efficient future.

Maximum investment into cleaner, renewable infrastructure will help meet the existing and future demand for California's carbon-conscious consumer and fleet fuel markets and successful deployment now raises awareness for greater consumer-level GHG actions.

Deploying a cost-effective, modular fuel station network that can deliver the best available and most sustainable low-carbon fuels today and tomorrow. Investment in alternative fueling infrastructure now is one the most important investments we can make in California's future. In addition to creating good green jobs, we will have a platform that will serve as the path to sustainability.

Renewable fuel infrastructure supplies the bridge to tomorrow's fuels. Success today with the best available fuels motivates consumers to support the most innovative and most sustainable choices. And technologies that quantify GHG reductions, such as Propel's Clean Drive technology, help educate carbon-conscious consumers on specific benefits from ongoing consumer actions.

Thank you for your consideration of these comments.

Sincerely,

Rob Elam,
Founder and President
Propel Fuels
Sacramento, CA