

DOCKET

08-ALT-1

DATE April 08 2009

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Commissioner Karen Douglas
Commissioner James Boyd
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

RE: Investment Plan for the Alternative and Renewable Fuel and
Vehicle Technology Program; Docket #08-ALT-01

Dear Commissioners:

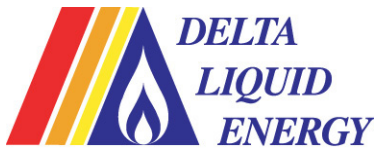
Thank you for the opportunity to comment on the Investment Plan for AB 118. Clearly the staff at CEC has worked diligently to balance a variety of objectives; from greenhouse gas reduction and decreasing petroleum use, to increased use of alternative fuels including biofuels. Many divergent stakeholders have participated in the workshops and meetings in order to bring the plan to this stage. It is not an easy balance and we commend your staff and you for preparing a well thought out funding roadmap.

Delta Liquid Energy is a supplier of propane within California, serving 18,000 customers living in 15 southernmost counties of the State. 25% of our business involves the use of propane in an engine, whether powering irrigation engines in the San Joaquin Valley, forklifts in Los Angeles or school buses in every sector. Our staff serves on many organizations dedicated to the clean use of propane and we endorse the benefits of low emission engines that use propane as an energy source. I personally serve as the incoming Chairman of the national Propane Education and Research Council (PERC) and as its chair, will continue our quest to inform our industry and the public of the benefits of using our domestically produced product within the USA. Propane is widely available today, is a low contributor to GHG and can be a viable part of the solution to wean the US away from imported oil.

My comments revolve around a few key issues of the Plan:

- Allocation of Funds
- Emissions Benefits
- Vehicle Platforms
- Plan Implementation

While we are grateful for the opportunity to work with you in the development of the Plan, we are none the less disheartened by the lack of standing the plan gives to the use of propane to achieve its stated goals. We note that a key objective of the plan is to "Reduce GHG emissions to 1990 levels by 2020....." yet the plan excessively funds fuels that lack wide spread market acceptance, few feasible supply channels and may not be any more available within the next eleven years to 2020 than they are today. Funding and promoting the wider use of propane in the transportation sector today can help bridge the gap to the wider use of such future fuels. The Plan concedes this opportunity, showing that the use of Low Carbon fuels (such as propane) offers a potential thirty three (33%) reduction in GHG emissions in the next 11 years and still contributes up to a twelve percent (12%) reduction in the years ending 2050. Inexplicably, nearly fifty percent



(50%) of the funding for the next two years is directed towards fuels that can offer little contribution to reducing GHG within the aforementioned eleven year time frame.

Greater use of propane can also help achieve the other stated goals of the Plan including the increased use of Alternative Fuels, decreased use of "petroleum fuels" (recall that more than half of the US propane supply is derived from the processing of natural gas), and even increased use of In-State Biofuels. We have discussed how all of this is probable in the past and are happy to continue into the future. But it all starts with CEC assistance in developing the greater use of propane NOW. With all due respect, \$2 million dollars to provide purchasing assistance for schools and public fleets over the next two years isn't enough to prime the pumps. We need ten-fold that amount to help achieve the goals we all share as residents of our great State.

What could the propane industry do with \$20 million? There are a wide variety of propane powered vehicles and equipment poised to enter the California market within the remainder of 2009. PERC funded development of both light duty and heavy duty propane powered vehicles such as:

Ford

- MY 2008, 2010 F-150 Pickup
- MY 2009, 2010 F-250, 350 Pickup
- MY 2009, 2010 E-250, 350 Van & Cutaway

General Motors

- MY 2010, 2011 G2500, 3500 Van and Cutaway
- MY 2010, 2011 W3500 Cab Chassis
- MY 2010, 2011 C2500, 3500, 4500 Pickup and Cab Chassis
- MY 2007 through 2010 C4500 through 7500 Cab Chassis (up to 33,000 GVW)
- MY 2010, 2011 Workhorse Chassis

Bluebird

- MY 2008, 2009, 2010 School Bus

In addition, PERC has agreed to fund the beginning stages of what might end up being an excellent strategy to reduce PM and NOx from existing diesel powered off and on road vehicles for 2010 and beyond. Product development is underway and results from this promising technology could be available within the next 90 days.

- All of the above platforms include the benefit of refueling technology that doesn't need to use an outage gauge to fill the tank. This results in much fewer GHG emissions in the refueling process than in the past.

These vehicles are ready to hit the market but in today's economic environment, need substantial funding in order to entice the customer to buy. Public fleets are not the only applications for these vehicles. Private fleets, under the duress of future fleet rule emission requirements, are attracted to the heavy classes of the above list in order to comply with emission reductions-while staying in business. According to a CARB synopsis,



"approximately 170,000 businesses in nearly all industry sectors in California, and almost a million vehicles that operate on California roads" might wish to consider the use of propane as part of their compliance strategy. Using \$20 million in \$5,000 increments (funding the incremental cost of a new propane fuel system) would result in 4,000 solutions to this difficult problem today.

Fulfilling the objectives of AB118 can be accomplished sooner with aggressive use of the available funding to get propane powered vehicles on the roads right now. We assert that implementing a stronger propane strategy can do more to lower GHG, decrease petroleum usage, increase alternative fuel usage and achieve the goals leadership was demanding in the legislation than any other strategy presented in the Draft Committee Report.

We believe a modest increase in funding directed towards propane will demonstrate the value this fuel can provide. We ask for additional flexibility in directing this funding towards both public and private fleets; and within the widest available weight classes and platforms. We are not asking for the world, but we challenge CEC to consider how the goals of AB118 can be enhanced by allocating additional funding towards the use of propane.

Thank you again for the opportunity to both participate in the formulation of the plan as well as comment upon it. I am available to answer any questions you might have at the address noted below.

Sincerely yours,
DELTA LIQUID ENERGY

A handwritten signature in blue ink, appearing to read "W Platz", is positioned above the printed name.

William Platz
President