

Docket # 09-ALT-1, 2010-2011 Investment Plan

**Comments by the California Biodiesel Alliance
Re: Draft Staff Report, CEC-600-2010-001-SD**

These comments are presented on behalf of the California Biodiesel Alliance in response to the CEC Draft Staff Report, CEC-600-2010-001-SD, entitled *2010-2011 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program*.

Assembly Bill 118 authorizes the Energy Commission to develop and deploy alternative and renewable fuels and advanced transportation technologies *“to help attain the state’s climate change policies.”* The anticipated budget for this program for fiscal year 2010-2011 is \$100,000,000. CEC staff has drafted recommendations for the Advisory Committee to consider as the basis for eventual adoption by the CEC Commissioners. **It is the position of the California Biodiesel Alliance that the recommended program allocations do not reflect the express purpose of AB118 to attain the state’s climate change policies, and that the allocation for certain types of biodiesel are disproportionately low and improperly targeted.**

Increased Funding for Biodiesel: The allocation matrix should reflect (1) the potential for reducing GHG as established by the CA Air Resources Board Low Carbon Fuel Standard, and (2) the capability of AB 118 budget allocations to significantly impact GHG reductions for widely adopted vehicle technologies. If this approach is applied (see chart below), using the data presented in the Draft Staff Report, it is apparent that the types of biodiesel rated the most effective in reducing GHG by CARB’s LCFS analysis are under-allocated by a factor of almost eight. Of all the fuel pathways analyzed for both gasoline and diesel, biodiesel made from used cooking oil “no cooking¹” (11.76 g/MJ) rated number two, just behind biomethane (11.26 g/MJ). **When the capacity of each fuel pathway is compared to the number of vehicles capable of using the fuel, it is clear that biodiesel has by far the greatest capacity to reduce GHG emissions.**

AB 118 Budget Allocation Matrix								
LCFS Pathway	CEC Proposed Allocation in \$	CEC Proposed Allocation as %	A CARB LCFS g/MJ	B LCFS Fossil Equivalent	C CA Vehicles	Impact Rating = B/AxC	Impact Rating %	Impact Rating Allocation
Biomass Diesel*	\$10,000,000	11.24%	11.76	94.71	1,600,000	12,885,714	88.54%	\$78,802,497
Electric Vehicles	\$20,500,000	23.03%	104.7	95.86	350,000	320,449	2.20%	\$1,959,703
Hydrogen	\$14,000,000	15.73%	76.1	95.86	1,650	2,078	0.01%	\$12,711
Ethanol	\$18,500,000	20.79%	58.4	95.86	400,000	656,575	4.51%	\$4,015,282
Natural Gas	\$14,000,000	15.73%	57.7	95.86	35,000	58,147	0.40%	\$355,599
Biomethane	\$10,000,000	11.24%	11.26	95.86	35,000	297,966	2.05%	\$1,822,211
Propane	\$2,000,000	2.25%	57.7	95.86	200,000	332,270	2.28%	\$2,031,997
TOTAL	\$89,000,000	100.00%				14,553,201	100.00%	\$89,000,000
Market/Program	\$11,000,000							

*Biodiesel from Used Cooking Oil (no "cooking")

¹ See pages 21 and 831 of the CARB Final Statement of Reasons, December 2009

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Properly Direct Funding for Biodiesel: The actual allocation recommended by the Draft Staff Report is \$10,000,000, far short of the nearly \$80,000,000 for an Impact Rating Allocation. Of the \$10,000,000 allocated in the Draft Staff Report, \$5,000,000 is for biodiesel production infrastructure and \$5,000,000 is for terminal storage and blending. Funding for biodiesel should be directed towards implementing a biodiesel strategy that has the greatest potential for reducing GHG. This would include promoting in-state production of biodiesel using in-state feedstocks to reduce transportation (20%), expanding existing biodiesel production to fully utilize yellow grease produced in the state (20%), developing more energy efficient production technologies (20%), expanding the range of sustainable feedstocks with low indirect land use impacts (20%), and expanding the ability of the petroleum distribution infrastructure to blend and deliver biodiesel products to the end user (20%). This would not include the creation of bulk storage terminals to import biodiesel feedstocks unless it can be shown in future years that those feedstocks substantially reduce GHG as shown by the CARB LCFS. The worst case scenario is that CEC funds would be used to establish bulk storage terminals at California ports for the importation of palm based biodiesel or palm based biodiesel feedstocks derived from destroying tropical rain forests.