

February 25, 2010

James D. Boyd
Vice Chair and Presiding Member
Transportation Committee

Anthony Eggert
Commissioner and Associate Member
Transportation Committee

DOCKET

09-ALT-1

DATE FEB 25 2010

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Re: Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program 2010-2011 – Docket 09-ALT-1

Cobalt Technologies, Inc., based in Mountain View, California, is a private company that is engaged in the commercialization of biobutanol. We would like to recognize all of the hard work of the Energy Commission staff to develop the 2010-2011 Investment Plan. Cobalt appreciates the Energy Commission staff's work with us and other stakeholders to help optimize the Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program.

To help achieve the climate change goals of AB 32, Cobalt offers innovative technology that will bring biobutanol, a next generation, lignocellulosic biofuel, to the California market. We recently launched our first pilot facility in Mountain View, California, and plan to scale up our production to commercial levels by 2013.

The AB 118 Investment Plan calls for California to ramp up biofuel production and shift toward cellulosic and low-carbon feedstocks. Cobalt's process is based on the use of non-food feedstock, initially woody biomass (consisting principally of thinnings, mill residues and sustainable roundwood), to be followed by agricultural residue and dedicated low-input, high-biomass energy crops. Cobalt will utilize in-state resources for this feedstock.

We agree with staff's assertion that development funding is essential to restart biofuel production, and we urge staff to finance projects that produce fuels with significant advantages over ethanol, such as biobutanol.

Therefore, the \$10 million allocation for "advanced ethanol production" should also be considered for biobutanol because it has higher energy content than ethanol, lower vapor pressure than ethanol (which results in a lower level of evaporative emissions), drop-in compatibility with the current fuel and engine infrastructure, can be blended into gasoline up to 16% in volume compared to 10% ethanol, and can be co-blended in gasoline-ethanol blends. Biobutanol can also be blended with diesel.

Cobalt is considering several counties in northern California with high availability of woody biomass to develop a commercial-size plant. Investment of AB 118 funds would help our company accelerate deployment of biobutanol, help meet the goals of AB 118 and provide green jobs. In addition, we strongly recommend that staff consider biobutanol as an excellent technology to advance second-generation biofuels because dormant ethanol facilities can be retrofitted for biobutanol production. Our biobutanol technology can also be coupled with a forest products facility or biomass power plant to enable production of an additional high value product, improving the economics of those facilities.

The development of commercial facilities will also help create jobs, a clear priority in the AB 118 Investment Plan. For every commercial facility we bring on line, we will create roughly 3,000 jobs during construction and over 1,300 jobs to support the ongoing operation. These jobs would provide employment for workers displaced by downturns in the forest product and biotech industries.

We understand that prior to selling biobutanol blends in California; a multimedia evaluation will be required to establish a new fuel pathway for biobutanol. This evaluation can be both expensive and time-consuming. We are currently working with staff at the Air Resources Board on Low Carbon Fuel Standard requirements and believe that establishing a fuel pathway for biobutanol should be a priority. Cobalt commends CEC staff's \$6 million allocation for technical assistance and support and would encourage funds be used toward establishing a fuel pathway for biobutanol.

We are confident that Cobalt's proprietary technologies will make possible a new generation of cost-effective and domestically-produced biofuels that will play a significant role in achieving the goals of AB 118 and AB 32 and help maintain California as the hub of green technology innovation.

Sincerely,



Rick Wilson
Chief Executive Officer