



Union of Concerned Scientists

May 21, 2010

James Boyd, Commissioner
Anthony Eggert, Commissioner
California Energy Commission
Dockets Office, MS-4
Re: Docket No. 09-ALT-1
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET	
09-ALT-1	
DATE	MAY 21 2010
RECD.	MAY 21 2010

Subject: 2010-2011 Investment Plan, Docket 09-ALT-1

Dear Commissioners Boyd and Eggert,

Thank you for the opportunity to comment on the Revised Draft Staff Report of the 2010-2011 Alternative and Renewable Fuel and Vehicle Technology Program. We commend you and staff on the hard work and thought that went into producing the comprehensive document. These comments, for your review and consideration, are intended to help strengthen the AB 118 Investment Plan and help build support from key policymakers. Our comments include many of the recommendations we discussed at the last AB 118 Advisory Committee meeting.

General:

- 1) *Quantify goals for each category where possible.* We appreciate the hard work and commitment of Commission staff to ensure AB 118 funds are spent on projects that advance long term, sustainable strategies to reduce greenhouse gases and near term projects that keep us on this path. We believe some additional work to define and quantify the specific benefits expected from each category of AB 118 funding would help elevate the importance of this program in the eyes of policymakers and the public. We also think this approach will help demonstrate how the investments will contribute to the state's medium- and long-term transportation energy strategy. Some examples of benefits that could be quantified include: gallons of alternative fuels produced, number of alternative fuel stations, number of alternative fuel vehicles purchased, number of alternative fuel vehicles fueled, gallons of petroleum reduced, tons of reduction of greenhouse gases, etc. We recommend that you add these goals into the Investment Plan before it is approved.

- 2) *Disburse existing funds quickly.* We appreciate CEC staff's success in leveraging AB 118 funds to get more federal dollars in California over the past year, and we strongly support CEC efforts to move solicitations out the door, get the remaining funds disbursed, and realize the benefits as soon as possible.

Specific funding recommendations:

- 1) *Ethanol Producer Incentive Program: Require clear pathway to advanced biofuels.* We are concerned about the proposal to make available up to \$10 million to subsidize corn-based ethanol production through the Ethanol Producer Incentive Program (PIP). From our perspective, the primary benefit of this program is to accelerate the transition of existing corn-ethanol to lower carbon processes and feedstocks. However, it is unclear how the requirement to demonstrate progress towards the Biorefinery Operational Enhancement Goals (BOEG) will provide sufficient if any assurances. We strongly recommend the commission require, as a condition of qualification for the PIP, a detailed project proposal with cost estimates and a financial assessment demonstrating that qualifying facilities have a clear pathway to securing financing of the improvements. Within 12 months, qualifying facilities should have to demonstrate that they have secured the financing and also initiated the permitting process. Without such requirements, we are unclear if the PIP will cause a producer to undertake the necessary investments to meet the BOEG.

- 2) *Hydrogen: Support for hydrogen funding.* We support the CEC recommendation for \$14 million for hydrogen infrastructure funding for 2010-11 based on the progress in fuel cell vehicle development and the hydrogen "road map" produced by the California Fuel Cell Partnership. We also support the recommendations submitted by Energy Independence Now for additional funding to assist in developing centralized production of hydrogen from renewable feedstocks, to increase deployment of hydrogen buses, and to continue work on developing hydrogen stations in Northern California areas.

- 3) *Battery Electric Vehicles: Increase funding for electric infrastructure.* We strongly support investment of AB 118 funding to assist in the ramp-up of the cleanest, most sustainable vehicle technologies, including battery electric and hydrogen fuel cell vehicles and the development of renewable energy sources for these transportation fuels. We recommend that CEC and CARB carefully review whether the combination of funding for vehicle incentives, infrastructure and manufacturing will result in the numbers of electric vehicles needed in the short term to ramp-up to full commercialization as quickly as possible. Based on testimony at the AB 118 meeting and our understanding of the OEM rollout plans, we believe CEC should significantly increase funding for this category.

General Motors and Nissan have announced plans to begin commercial sales this year of their plug-in hybrid electric vehicles (PHEV) and battery electric vehicles (BEV) respectively; CEC should work closely with OEMs and other stakeholders to develop an infrastructure deployment plan to effectively use AB 118 and other funds to support the

planned rollout of electric drive vehicles. To the extent possible, we encourage the CEC to include strategies in the deployment plan to support and incentivize off-peak charging, including consumer incentives for home charging. As noted in an earlier workshop, current costs for home charger installations can be quite high, especially when wiring of older homes is required. This may present a barrier to strong sales of these important vehicles beyond early adopters. In addition, the local governments who will be overseeing the permitting of electric charging infrastructure would benefit from efforts to coordinate actions across regions. We believe that the \$3 million allocated in the current draft Plan will need to be augmented to support the projected ramp up in the EV fleet.

4) *Battery Electric Vehicles: Tie infrastructure funding to local government best practices.* In an effort to facilitate removal of barriers to adoption of electric vehicles, we recommend the Investment Plan consider making funding for EV charging infrastructure available to cities and counties conditional upon their commitment to remove permitting barriers for homeowners to install EV chargers and adopt local ordinances that encourage infrastructure development.

5) *Sustainability: Retain sustainability evaluation criteria.* The 2010-2011 Investment Plan should include the sustainability evaluation criteria included on pages 42 and 43 of the 2009-2010 Investment Plan. The 2010-2011 Plan states that “ARB’s Low Carbon Fuel Standard (LCFS) carbon intensity and sustainability requirements will ensure that future imported renewable fuels are sustainably grown and provide lower carbon intensity” (pg. 57), but omits the sustainability evaluation criteria presented in the first Investment Plan. The LCFS should play a pivotal role in ensuring the delivery of sustainable fuel and we believe the sustainability evaluation criteria should be included and employed in each new Investment Plan and solicitation. The explicit inclusion and employment of these criteria will help ensure that projects enabled by AB 118 funding meet the sustainability goals inherent to the program. We greatly appreciate that CEC has made a decision to use the more detailed sustainability solicitation criteria of PON-08-101, Attachment C, in future solicitation requests. These criteria are important to ensuring that AB 118 funds are spent on sustainable projects as set forth in the AB 118 statute, regulations, and Investment Plan.

Thank you for the opportunity to comment. We look forward to continuing to work with staff to ensure effective implementation of this critical program.

Sincerely,

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