



DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

801 K STREET, MS 19-01, SACRAMENTO, CALIFORNIA 95814 • (916) 322-4027 • WWW.CALRECYCLE.CA.GOV

May 26, 2010

Commissioner Jim Boyd
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

DOCKET	
09-ALT-1	
DATE	MAY 26 2010
RECD.	JUL 06 2010



Dear Commissioner Boyd:

RE: Draft 2010/2011 AB 118 Investment Plan

I would like to thank you for your leadership in the development of the Investment Plan, for including CalRecycle on the Plan's Advisory Committee, and for giving CalRecycle the opportunity to participate on the scoring panels for Grant Solicitation PON-09-003 (Biofuel Production Plants). I have no doubt that this collaboration will help further our common interest in advancing bioenergy and biofuel production in the state. I want to reiterate our commitment to continue to participate in upcoming opportunities to develop the Investment Plan.

I would also like to provide a few key suggestions that we feel would improve the upcoming 2010/2011 Investment Plan by addressing some inconsistencies found between the Plan's stated goals and its corresponding solicitations and scoring criteria. Our stakeholders and staff have expressed some concerns about these inconsistencies and their practical impact on the award process. Specifically, the impact has been such that no projects using municipal solid waste (MSW) as feedstock were selected for award in the last funding cycle even though a number of them scored well.

We have heard concerns that the current scoring methodology inadvertently excludes feasibility studies from consideration, favors traditional liquid fuel production technologies over gas production and does not recognize the importance that MSW could potentially play in fuel production. Although we have had numerous policy discussions on most of these issues at the Advisory Committee, and I believe agree in principle on a majority of them, CalRecycle would like to recommend some proposals to change or restructure the scoring criteria and add some language in the solicitation to assure that these policy perspectives are effectively reinforced.



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On the issue of MSW in fuel production, we indicated in our February 26, 2010 letter that the organic fraction of MSW is a vast resource that has the potential to produce 300,000,000 gallons of gasoline equivalents per year. Much of this material is available through existing infrastructure at landfills, transfer stations, and material recovery facilities. It is important to note that the current scoring criteria makes no distinction between types of feedstocks that are used to produce fuel. The effect of this was evident in the last funding cycle: no projects using MSW as feedstock were selected for award in the last funding cycle even though a number of them scored well and may have been chosen had feedstock sources been explicitly considered in the scoring criteria.

Although we understand that the purpose of the Investment Plan is to promote technologies that produce renewable fuel for vehicle use, we also feel that it is important to recognize the special role MSW could provide in meeting AB 118 mandates and statewide diversion requirements, as well as Low Carbon Fuel Standard and climate change policies. The easiest way to achieve these complementary policy goals is to design scoring criteria that award "bonus points" to technologies that use MSW as feedstock. This could be accomplished with minor adjustments to the current scoring criteria. We would be happy to work with your staff to make the necessary changes that we feel would make an enormous difference in how future projects are selected.

Another issue raised by our stakeholders involves the perception -- based on the types of projects selected for award in the last funding cycle -- that CEC is favoring technologies that produce liquid fuels versus gas fuels (i.e., biogas, compressed natural gas, etc.). Although your staff has reassured us that no bias exists in this regard, we feel that addressing the MSW feedstock issue through a reworking of the scoring criteria would go far in addressing this concern, since two of the main technologies to produce biogas (i.e. landfill gas capture systems and anaerobic digesters) use MSW as a feedstock.

Finally, based on the evidence, we have to concur with stakeholders' perception that there is an apparent discrepancy between the solicitations' stated interest (funding operational projects and feasibility studies) and the scoring criteria (which heavily favors operational projects to the exclusion of feasibility studies). After reviewing the scoring criteria categories and score allocations, we have come to the conclusion that feasibility studies are unlikely to be funded using the current scoring system since many of the scoring categories (i.e., market viability, market transformation, economic benefits) do not apply to stand-alone feasibility studies. We feel that funding for site-specific feasibility studies is warranted, especially for public/private partnership projects which have great potential to utilize MSW feedstocks for fuel production. Again, we are willing to work with your staff to address this issue by restructuring the solicitation itself and have some ideas on what these changes would entail.

Commissioner Boyd

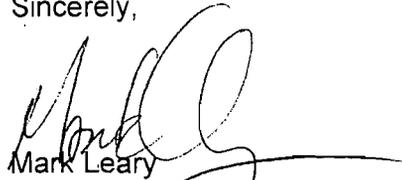
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I know that you will appreciate these issues and I hope that you concur with our general recommendations. As always, we are keenly interested in working closely with your staff to address these and other concerns and will be in contact at the staff level on how best to move forward on implementing these ideas.

Thank you again for the opportunity to participate in the AB 118 Investment Plan process. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Leary', written over a horizontal line.

Mark Leary

Member of the Alternative and Renewable Fuel and Vehicle Technology Program (AB118)
Investment Plan Advisory Committee

Deputy Director

Department of Resources Recycling and Recovery (CalRecycle)

cc: Commissioner Anthony Eggert
Sarah Michaels, Special Advisor to Vice Chair Boyd
Margo Reid Brown, Director, CalRecycle