

CALIFORNIA ENERGY COMMISSION

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September 13, 2010

Mr. E. Dotson Wilson, Chief Clerk of the Assembly
California State Capitol Building
Sacramento, California 95814

Re: 2010-2011 Investment Plan for the Alternative and Renewable Fuel and Vehicle
Technology Program

Dear Mr. E. Dotson Wilson:

The California Energy Commission (Energy Commission) is pleased to submit the *2010-2011 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program* (Investment Plan). Assembly Bill 118 (Núñez, Chapter 750, Statutes of 2007) requires that each Investment Plan establish priorities for funding decisions for the current fiscal year, and describe how the funding will complement existing public and private investments in green transportation projects. By investing in California-based technologies and alternative transportation projects, the activities funded under this Investment Plan will also provide jobs for Californians.

As required by AB 118, the Energy Commission convened and consulted with its Advisory Committee in developing the Investment Plan. In preparing and publicizing the Investment Plan, the Energy Commission held three public Advisory Committee meetings, six industry workshops and three public workshops. Each of these workshops and meetings, in addition to our open docket, provided useful input to the Investment Plan.

In addition to input from our public process, the Investment Plan was guided by a combination of short- and long-term methodologies. In the short-term, a gap analysis identified barriers facing alternative and renewable fuels and technologies, as well as other concurrent funding activities in these areas. In the long-term, the Investment Plan incorporated the analysis of greenhouse gas emission reductions for 2020 and 2050 that was developed as part of the State Alternative Fuels Plan, mandated by Assembly Bill 1007 (Pavley, Chapter 371, Statutes of 2005).

In accordance with state policies, the funding priorities in the Investment Plan will contribute to meet California's aggressive greenhouse gas emission reduction goals, decrease petroleum fuel use to 15 percent below 2003 levels by 2020, and increase alternative fuel use to 20 percent by 2020. Achieving these multiple objectives requires a portfolio of new fuels and vehicle technologies including battery electric drive and fuel cell vehicles, low-carbon biofuels, natural gas and propane vehicles, and gasoline and diesel

vehicles with far greater fuel economy. In order to build this broad portfolio, the Investment Plan identifies funding levels of:

- \$24.5 million for medium- and heavy-duty vehicles that utilize electric drive or other advanced technologies, electric vehicle charging stations, and electric vehicle component and battery manufacturing plants.
- \$13 million for hydrogen fueling stations.
- \$16.5 million for the production of gasoline substitutes (such as cellulosic ethanol, renewable gasoline, and renewable methanol) and E-85 fueling stations.
- \$9 million for advanced renewable diesel and biodiesel facilities.
- \$22 million for natural gas vehicles, fueling stations, and biomethane production facilities.
- \$3 million for propane vehicles.
- \$8 million for innovative technologies, advanced fuels, and federal cost sharing opportunities.
- \$12 million for workforce training programs, sustainability research, public education, and technical assistance programs.

Greater detail on each of these funding activities can be found within the Investment Plan. A funding summary table for the \$108 million total is provided at the end of the Investment Plan's executive summary (page 8). The Energy Commission has also encumbered nearly all of the \$176 million allocated under the previous Investment Plan, which covered fiscal years 2008-2009 and 2009-2010. With the new Investment Plan, our program will have allocated a combined \$284 million.

We would be happy to discuss the contents of the Investment Plan further with you and your staff at your convenience. This report is also available on the Energy Commission's website at:

<http://www.energy.ca.gov/2010publications/CEC-600-2010-001/CEC-600-2010-001-CMF.PDF>.

Should you have any questions or comments concerning this report, please contact Robin Smutny-Jones, Director of Governmental Affairs for the Energy Commission, at (916) 654-4942.

Thank you for your time and consideration.

Sincerely,

KAREN DOUGLAS
Chairman

Enclosure