

February 7, 2011

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 10-ALT-1
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET

10-ALT-1

DATE FEB 07 2011

RECD. FEB 12 2011

Subject: 10-ALT-1- 2011-2012 Investment Plan – Northern California

Thank you for the opportunity to submit comments on funding priorities and opportunities to complement public and private investments in regions accelerating and deploying alternative and renewable fuel and vehicle technologies.

On behalf of our region, we would like to propose a regional Pilot Demonstration Project “Propane Auto-Gas Deployment” for consideration which will complement and leverage current investments of a **Regional Cluster of Opportunity Project (RICOG)** and a **Clean Energy Workforce Training Grant for Alternative & Renewable Fuel and Vehicle Technologies Training Program**.

Northern California

The Northern California region, called North State, comprises 25% of the geographic area of California representing 11 rural counties, and 87 rural communities. The region has been traditionally a resource-based economy – timber, agriculture and tourism. The green and clean industry sector emergence provides new opportunity to transform these typically resource-based economies into new viable growth sectors. The region has also been recently designated by USDA as a great region and also received the Governor’s Office of Economic Development designation as an Innovation Hub (iHub). These two designations align with NoRTEC’s mission for accelerating and deploying clean and green technologies throughout the North State.

USDA is a partner and a resource funder in the sector strategy for Biomass Utilization as it relates to energy generation and biofuels production. The California iHub is a key element of the sector strategy focused on implementing and commercializing new clean/green technologies, which directly aligns with our goals for the ARFVTP sector. Through the iHub businesses have access to CSU, Chico and other statewide research centers for new technology development or testing, and are directly linked to local and statewide venture capital to connect project development with private sector investment. These designations increase the network and collaboration of all local jurisdictions in the region.



Mission

The Northern Rural Training & Employment Consortium, NoRTEC, is a joint powers authority (JPA) with county elected officials, community-based organizations, labor and private sector business representatives.

NoRTEC has been an intermediary for the Workforce Development program in the region, contracting with a non-profit OneStop Network which provides workforce development services to these rural communities for the past 27 years. Because of the decline of resources to support community and economic development, NoRTEC and the OneStop Network (156 personnel) are “filling the gap” to assist local communities in addressing needs and creating economic opportunity through strategic process. NoRTEC’s mission is:

1. Create a *regional vision* and comprehensive jobs strategy for economic prosperity built from the needs of business and economic opportunity for transformation,
2. Provide leadership and assistance to local communities and agencies to accelerate and deploy new clean and green technologies throughout the region which reduce greenhouse gas emissions,
3. Provide career pathway training which meets the needs of existing and emerging businesses,
4. Create job opportunities for dislocated and disadvantaged workers in the North State, and
5. Utilize system-wide technology to measure and report substantive results.

As part of the ***Regional Clusters of Opportunity Project, Alternative & Renewable Fuels & Vehicles*** (ARFV Sector) was identified as a Sector Opportunity for the North State. Businesses in the transportation (including fleet owners), bio-fuels, vehicle conversion as well as local jurisdictions, community colleges and CSU, Chico have come together to identify opportunities, constraints and action for the North State to accelerate Alternative and Renewable Fuels and Vehicles.

A specific sector strategy for the ARFV Sector is being completed. The goals of the ARFV Sector include:

- 1) Green major transportation corridors (I-5) in the North State:
 - a. Identify 2-3 sites/locations to plan and establish Alternative Fuel Centers which would offer all alternative fuels;
 - b. Upgrade existing propane fueling facilities and install (8-10) self-service credit card stations throughout the region;
- 2) Target 800 vehicle conversions to propane,
- 3) Identify businesses commercializing and/or deploying alternative fuels and vehicles and provide technical assistance to accelerate deployment,
- 4) Train and place over 150 workers in propane and hybrid vehicle conversions,
- 5) Introduce new Alternative Fuel & Vehicle Training at community colleges and ROP programs,
- 6) Work with 11 local jurisdictions to implement policies to accelerate usage of alternative fuels in their local fleets, develop infrastructure plans and investments, and promote to local residents availability of alternative fuels as transportation fuel options, and
- 7) As a result, decrease vehicle greenhouse gas emissions throughout the North State.

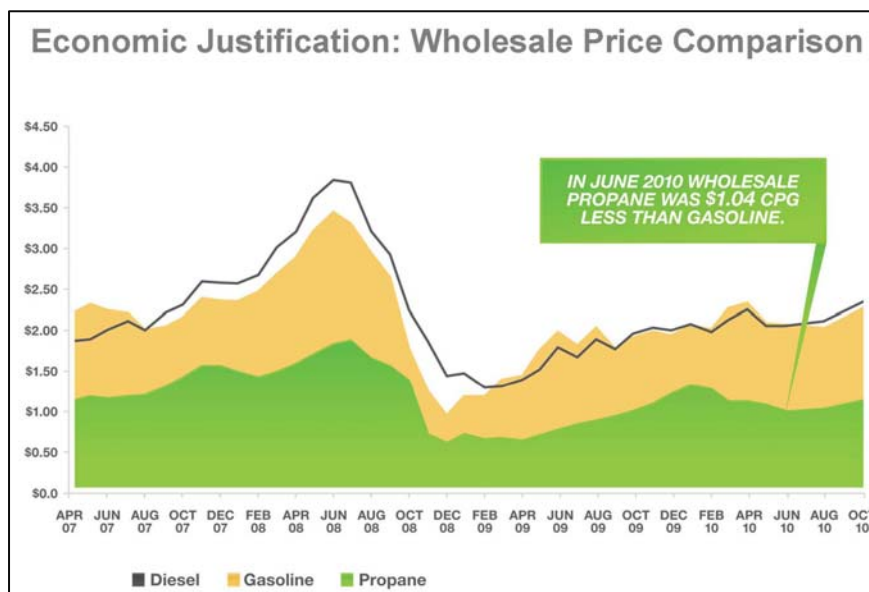
First phase of the ARFV Sector Strategy is identifying businesses and “low-hanging” projects that could be implemented quickly. Project selection uses the following guiding principles: project must be business or industry-driven, project is feasible, jobs will be created, new technology deployment and career pathways, benefit to the environment (i.e. reduction of greenhouse gas emissions)

The first project resulted in an application to the **Clean Energy Workforce Training Grant for Alternative & Renewable Fuel and Vehicle Technologies Training Program**. The program will train a minimum of 136 up fit engineers and technicians, first responders, service and maintenance technicians in propane and hybrid vehicle conversions, alternative fuel and vehicle service and maintenance. A unique element of the training will be the “hands-on propane conversion” of donated fleet vehicles from U-Haul. This training is a partnership with Roush using their CARB approved Executive Order kits. The project will also retrain and retain 50 existing employees and create 50 new jobs in alternative fuel and vehicle technologies.

Why Propane Auto Gas Deployment?

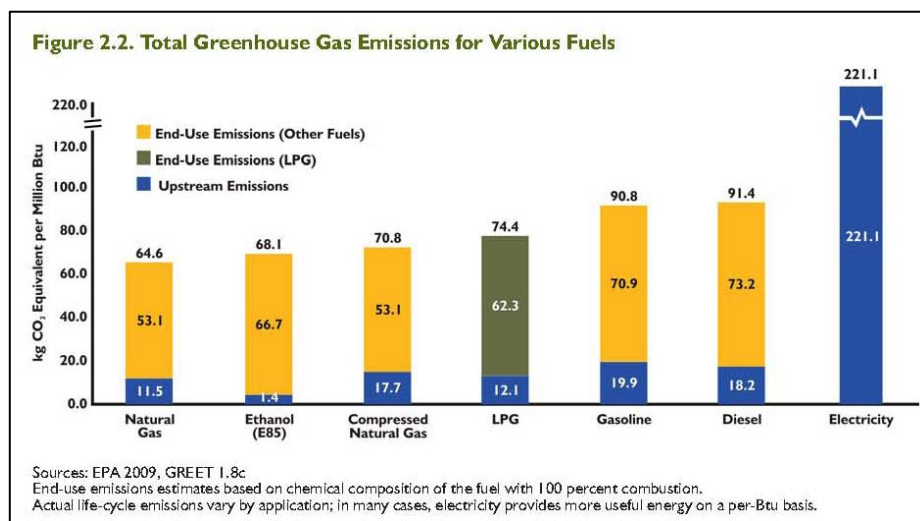
Northern California is an excellent region for deploying **Propane** as an Auto Gas. As a rural area, the region is very familiar and accustomed to using propane as a household energy source. The regions familiarity with this fuel would accelerate the acceptance and conversion to propane as a clean transportation alternative. Benefits for a regional deployment:

- Low cost of entry to deploying clean fuels in a rural region (Northern California recognizes deployment of other clean fuels in rural areas is expensive and would not happen for years)
- Conversion of fleet vehicles to propane auto gas is typically 35-40% less, average propane conversion is \$10,000 and CNG conversion is \$16,500 before tax incentives;
- Cost of propane as compared to other fossil fuels and alternative fuels is compelling as noted in the chart below



- Propane fueling stations (infrastructure) are affordable for rural areas as compared to other alternative fuels
 - Propane station upgrades to self-service credit card stations = avg \$54,000
 - New propane station installation = avg \$76,000
 - CNG slow fill station (overnight fill) = avg \$400,000
 - CNG fast fill station = avg \$1,500,000
- Industry-led initiative with the full supply chain working cooperatively to accelerate conversions and deployment
- Counties and communities support this propane auto gas option as a clean transportation fuel alternative for our region.

In terms of life-cycle greenhouse gas emissions, propane produces significantly lower emissions than gasoline, diesel, and electricity on a per-Btu basis (Propane Reduces Greenhouse Gas Emissions, A Comparative Analysis, 2009, Figure 2.2)



Northern California Regional Demonstration Project could include:

- Green major corridors in the North State (I-5, Hwy 99) by upgrading existing propane stations in 5-6 communities and new installations in 4-5 cities;
- Target propane vehicle conversions of 10% of municipal fleets to propane;
- Along I-5, identify sites that could become new **Alternative Fuel Centers** over time, starting with a propane station and expanding to other alternative fuels, so drivers could go to one AFC for any alternative fuel,
- Initiate a *Clean Cities Coalition* for Northern California,
- Expand the initial Alternative Fuels & Advanced Technology Vehicles training to all the Community Colleges and Regional Occupational Programs in the region,
- Become the West Coast NAFTC training center for Propane Vehicles,
- Work with OEM's on ship thru or drop ship up fits for trucks, cutaway vans and fleet vehicles, which would create 50+ jobs,

- Work with local jurisdictions, Air Quality Management Districts, school districts, Indian Tribes, and fleet managers on conversions of existing fleets in the North State.

Project Partners

Partners involved in the Sector Strategy initiative are growing as the initiative is being developed and expanded to all jurisdictions:

- Initiative Lead: NoRTEC with 11 county elected representation (workforce development)
- Industry Leaders: Roush, Ferrellgas, Transfer Flow Inc., No Limits, Ford Dealerships, U-Haul, Frito Lay, Fleet Managers
- Economic & Workforce Development
- Local jurisdiction fleet managers (Chico)
- Education – ROP (Butte & Tehama Counties), Community Colleges (Butte) & CSU, Chico
- Air Quality Management Districts (Butte)

Conclusion

California could again lead the nation by being the first to deploy **Propane Auto Gas** as a clean fuel initiative in the rural North State. This initiative would support current investments in the Alternative Fuel & Vehicle Sector Strategy and Clean Fuel Training in the North State. It could effectively be implemented by NoRTEC, a Joint Powers Authority of the 11 rural counties, who is the administrator of the Regional Cluster of Opportunities and the ARFVT program.

To create the highest economic and environmental impact for California and local regions, through job creation and lower greenhouse gases, we support that all conversion of vehicles to propane auto gas in California should be done by “California” manufacturers.

Respectfully submitted,



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