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10-ALT-01

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March 25, 2011

Vice Chair James D. Boyd  
Presiding Member of the Transportation Committee  
California Energy Commission  
Dockets Office, MS-4  
1516 Ninth Street  
Sacramento, CA 95814-5512

Re: Docket No. 10-ALT-1

Commissioner Boyd and staff:

Rentech appreciates the opportunity to comment on AB 118 2011-2012 Investment Plan. We strongly support the program's facilitation of alternative fuels development and deployment in California.

Rentech is a leading renewable fuels company with plans to manufacture renewable RenDiesel® fuel, an ultra-clean synthetic diesel fuel from urban green waste diverted from landfills and land spreading. Our company is currently developing a state-of-the-art Renewable Energy Center in Rialto, California. The facility is designed to produce approximately 600 barrels per day of renewable RenDiesel® fuel, and export approximately 35 megawatts of renewable electric power.

We commend the Energy Commission and the staff for their focus on waste-based feedstocks. Early studies of our fuel show superior greenhouse gas reductions because of the use of urban green waste and forest residue as feedstock and has the potential to accelerate progress toward the goals of AB 118 and the Low Carbon Fuel Standard. While the Investment Plan emphasizes a number of waste-based feedstocks, our project in Rialto would use green waste collected throughout Southern California and diverted from landfills.

The Investment Plan notes the challenge in sourcing these feedstocks, and we recommend that the Commission consider prioritizing funding for projects that have addressed this issue by having secured feedstock or partnered with a waste-stream provider. Rentech also recommends that the Commission consider the securing of feedstock as matching funds for AB 118 at the appropriate valuation.

Rentech is currently working with the California Air Resources Board (CARB) on establishing a carbon intensity value for renewable RenDiesel® fuel. Our preliminary analysis suggests a negative carbon intensity value. The Commission should prioritize funding for fuel analysis and fuel production projects based on the carbon intensity value established through CARB's Low Carbon Fuel Standard (LCFS) certification process.

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As the Investment Plan notes, a more immediate opportunity for the deployment of renewable diesel is in blending. Rentech is currently working to develop partnership opportunities for blending renewable RenDiesel® fuel with petroleum-based fuels. We recommend that the Commission explore possible incentives to further encourage blending to spur the renewable diesel market and reduce the barriers of entry.

Rentech is pleased by the Commission's suggested allocation of \$11.5 million to support the development of diesel substitute production. We would ask that the staff consider our recommendations as the Investment Plan is finalized:

- Prioritize funding for renewable diesel projects that utilize waste-based feedstocks and have secured its supply;
- Consider the securing of feedstock and/or partnership with a provider as matching funds;
- Allocate funding for fuel certification and production based on the carbon intensity value established through the LCFS process;
- Facilitate opportunities for blending of renewable diesel with petroleum-based fuels.

We look forward to working with the Commission, the staff, and other stakeholders to achieve the goals set forth by the AB 118 Program and reduce California's reliance on fossil fuels.

Sincerely,

RENTECH, INC.

A handwritten signature in black ink, appearing to read 'D. Cohrs', with a long horizontal line extending to the right.

Dan J. Cohrs  
Executive Vice President and Chief Financial Officer