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Ms. Mary D. Nichols, Chair  
California Air Resources Board  
P.O. Box 2815  
Sacramento, CA 95812-2815

Dr. Robert B. Weisenmiller, Chair  
California Energy Commission  
1516 Ninth Street, MS-33  
Sacramento, CA 95814-5512

**RE: THE 2011-12 INVESTMENT PLAN FOR THE ALTERNATIVE AND  
RENEWABLE FUEL AND VEHICLE TECHNOLOGY PROGRAM**

Dear Ms. Nichols and Dr. Weisenmiller:

On behalf of the City of San Jose Environmental Services Department, I would like to thank the California Energy Commission Staff and the Advisory Committee for their work in developing the 2011-12 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program (Investment Plan). We believe the Investment Plan will have a positive impact on the development of renewable fuel projects throughout California, and we are encouraged to see that the Investment Plan allocated \$8 million in funding specifically for biomethane production from pre landfill organics.

Because we understand the incentives to innovate that this type of funding can provide to communities throughout the State, we would like to respond to the Air Resources Board suggested reallocation of \$28 million of FY 2011/2012 AB118 Investment Plan funding currently assigned to natural gas to other AB118 categories, and request that the full allocation for biomethane production is maintained.

San José has a long history of leadership in solid waste management and environmental protection. The City is actively implementing the City's Green Vision, which include the following key goals by 2022: Zero Waste to Landfill and Conversion of Waste to Energy; 100% Renewable Energy; and All Public Fleet Running on Alternative Fuels.

In working to meet these goals San Jose is currently implementing two conversion projects that will divert pre-landfill organics for biomethane production.

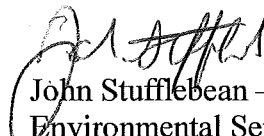
1. Zero Waste Energy Development (ZWED) Anaerobic Digestion Facility – In support of a successful proposal for the City's Commercial Organics Processing contract, ZWED will develop phase one of a three-module, 270,000 T/year commercial scale high solids dry fermentation facility to convert food and yard waste into methane for power and vehicle fuel. The site for the project is a City parcel that will be leased to ZWED and provides a convenient fueling station for collection vehicles delivering materials to the Wastewater Treatment Plant, landfill, or any of multiple C&D, MRF, and composting operations centralized in that area.
2. Harvest Power Gasification Feasibility and Demonstration Project – Grant partners San Jose, Harvest Power and the California Energy Commission (CEC) are ready to implement a grant supported feasibility analysis for a small scale gasification demonstration unit that would convert pre-landfill wood and biosolids into biomethane for transportation fuel. The proposed project will provide valuable data from analysis and technology demonstration for local implementation as well as statewide dissemination.

The City sees value in these biomethane projects based on benefits including diversion of hard to manage materials such as food waste, production of local renewable energy, reductions in emissions and fossil fuel reliance, and economic development including green technology incubation and local job creation. Funding incentives for local biomethane projects from organic waste can expand these benefits to communities around the State

As a leader in environmental stewardship and technology innovation, the City feels it is critical to maintain funding for natural gas/biomethane projects that will provide incentives for public and private agencies to develop innovative technology such as AD and gasification that have the potential to transform fuel and vehicle types, and thus reduce dependence on petroleum and attain the states climate change goals.

Thank you for your consideration of continued funding for biomethane projects from pre landfill organics.

Sincerely,



John Stufflebean – Director  
Environmental Services Department  
City of San José

cc: Each Member of the AB 118 Advisory Committee