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10-ALT-01

DATE Mar 30 2011

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March 30, 2011

Pat Perez
Deputy Director
Fuels and Transportation Division
California Energy Commission
Dockets Office, MS-4
Re: Docket No. 10-ALT-1
1516 Ninth Street
Sacramento, CA 95814-5512

RE: RE: 10-ALT-1, 2011-2012 Investment Plan

Dear Deputy Director Perez:

We are writing to share the views of the California Biodiesel Alliance and the National Biodiesel Board on a February, 2011 report released by the California Energy Commission (CEC) entitled "*2011-2012 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program.*" Thank you, in advance, for your consideration of our written comments.

We would like to thank the CEC for increasing its commitment to clean, renewable, domestically-produced forms of diesel substitutes to \$11.5 million. We feel that this fuel category, especially biodiesel, offers an outstanding return on investment with very little risk.

We wish to highlight a few reasons why such an investment is merited.

Public Health & Emissions Benefits

Biodiesel is the only alternative fuel to voluntarily perform Environmental Protection Agency (EPA) Tier I and Tier II testing to quantify emission characteristics and health effects. That study found that B20 (20 percent biodiesel blended with 80 percent conventional diesel fuel) provided significant reductions in total hydrocarbons; carbon monoxide; and total particulate matter. Research also documents the fact that the ozone forming potential of the hydrocarbon emissions of pure biodiesel is nearly 50 percent less than that of petroleum fuel. Pure biodiesel does not contain sulfur and therefore reduces sulfur dioxide exhaust from diesel engines to virtually zero.

Biodiesel is Safe for All Engines

Biodiesel has an ASTM International fuel specification for B100, B6-B20, and was recently included in the petroleum diesel specification (ASTM D975) for levels at or below 5 percent (B5). All major original engine manufactures include warranty statements supportive of biodiesel use at or below the 5 percent level. In addition, numerous manufactures, such as Ford, General Motors, Cummins, Toro, and John Deere, include statements supportive of biodiesel for blends up to 20 percent (B20).

Biodiesel is a Low Risk Investment

Biodiesel is a proven technology. Since 2006, more than 2.5 billion gallons of biodiesel have been produced in the United States. Biodiesel is supported by original engine manufacturers, is considered an "Advanced Biofuel" by the U.S. Environmental Protection Agency for purposes of greenhouse gas reduction, has three separate ASTM International fuel specifications, and 800 million gallons of the fuel will be required by the federal Renewable Fuels Standard beginning this year. Finally, tens of millions of dollars have been invested in biodiesel research and testing and millions more continue to be invested.

Biodiesel Creates Local, Green Jobs

A biodiesel production plant is the cleanest and least expensive fuel refining facility currently available. This is why, from a national perspective, we've seen that where biodiesel demand has grown, production capacity has also grown. Biodiesel is unique in that many different feedstocks can be, and are, used to make the finished fuel. This means that every region of the country has in-state resources that can be utilized. Therefore, biodiesel generates jobs not only in fuel production but also feedstock production/collection. Common biodiesel feedstocks include used cooking oil, animal fats, inedible corn oil, inedible peanut oil, inedible sunflower oil, soybean oil, canola oil, and camelina oil. Additionally, the biodiesel industry is stimulating the development of new low carbon feedstocks such as algae.

Biodiesel and the Low Carbon Fuel Standard (LCFS)

Biodiesel is a compliance fuel under the LCFS. According to the California Air Resources Board, greenhouse gas values for biodiesel are as follows (relative to petroleum diesel):

- Soybean Oil: 12.1 percent better;
- Canola Oil: 33.5 percent better;
- Used Cooking Oil: 80.5-83.3 percent better;
- Inedible Corn Oil: 85.7-93.77 percent better; and
- Animal fats: 58.5 percent better (Note: this figure is for non-ester renewable diesel; biodiesel should be similar.).

In our view, the draft CEC funding plan is wise to make targeted investments that will help achieve the state's carbon reductions goals through increased utilization of biodiesel.

Finally, we look forward to reading the AB109 report, which will quantify the benefits of the AB118 program. We believe that report will show substantial benefits from the modest investments in biodiesel that have been made by the Energy Commission.

Once again, thank you for including \$11.5 million in funding for "diesel substitute," such as biodiesel, in the draft investment plan. We look forward to doing our part to help California transition to a cleaner, greener, lower carbon future. Please call Eric Bowen at 415-218-3766 with any questions.

Sincerely,



Chairman
California Biodiesel Alliance



Director of State Government Affairs
National Biodiesel Board