

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov



February 17, 2012

DOCKET**11-ALT-1**

DATE FEB 17 2012

RECD. FEB 21 2012

Bryan Sherbacow, President
AltAir Fuels, LLC
2815 Eastlake Avenue E Suite 300
Seattle, WA 98102

Re: Response to Letter regarding PON-11-601 Biofuels Production Facility

Dear Mr. Sherbacow:

Thank you for your February 10, 2012 letter to Commissioners Weisenmiller, Douglas, and Peterman, in which you seek clarification on the eligibility of jet and aviation fuels for funding under the current solicitation for biofuels production facilities under the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP, or AB 118).

Each funding solicitation issued by Commission staff under AB 118 is based upon the objectives and allocations established in the Commission-adopted Investment Plans. Those Investment Plans are prepared and adopted after consideration of extensive analysis and stakeholder input through a public process led by the statutorily-created Advisory Committee. Each of the fuels and vehicle technologies included in the Investment Plan have been assessed under the Commission's goal-driven analytical methodologies for determining funding to support the AB 32 requirement to reduce greenhouse gas (GHG) emissions by 2020. Those methodologies consider a variety of factors, including the relative contributions of each fuel and vehicle category to achieve the AB 32 GHG targets, and whether existing public and private funding is already in place to develop and deploy alternative and renewable fuels and vehicle technology.

Jet or aviation fuels as categories have not been directly considered or analyzed under the Commission's methodologies, which is why they have not yet been expressly recognized in the Investment Plan, nor listed as eligible biofuels under the current solicitation. I note, however, that the solicitation permits biofuels produced for "transportation purposes." The latter qualifier is important because the Implementation Plans have applied the Commission's methodologies to biofuels in applications where fuels are used in highway vehicles and recreational boats, and the Commission relies on the outcomes of these methodical analyses to define eligibility and funding priorities.

Under the current solicitation, a proposal for funding a renewable jet fuel project must provide sufficient technical and other data and analyses comparable to that conducted for biofuels in ground transportation uses under Commission's Investment Plan methodologies. As with all proposals, your project would be evaluated under the solicitation's scoring criteria and validated against independent sources; the lack of sufficient technical and economic information could render the proposal ineligible for funding. Staff would be interested in working with AltAir Fuels and other aviation stakeholders to develop the data and analyses necessary to support a potential recommendation that alternative and renewable fuels in aviation uses be prioritized for AB 118 funding.

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The Draft 2012-2013 Investment Plan has been released, and the Advisory Committee is currently accepting comments. With adequate technical substantiation and evaluation, there is an opportunity to tee up a proposal for the Committee's consideration. If you were able to prepare an analysis of alternative or renewable fuels in aviation applications commensurate with the "well-to-wheels" assessment which has been conducted for numerous ground transportation vehicles, the Advisory Committee and Commission could consider whether air transportation should be an expressly recognized fuel use eligible for funding under future AB 118 solicitations.

To ensure a fair and open solicitation process, I am publishing your letter and this response to the AltFuels listserv and AB 118 docket. While I am not at liberty to discuss the current solicitation with you beyond this correspondence, I would be happy to discuss opportunities to address aviation and jet fuels in the upcoming Investment Plan at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat Perez", with a long, sweeping horizontal line extending to the right.

Pat Perez, Deputy Director
Fuels and Transportation Division

CC: Robert B. Weisenmiller, Chair
Karen Douglas, Commissioner
Carla Peterman, Commissioner
Robert P. Oglesby, Executive Director
Drew Bohan, Chief Deputy Director
AltFuels Listserv
Docket #11-ALT-1