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April 19, 2012

DOCKET
11-ALT-1
DATE APR 19 2012
RECD. APR 19 2012

Pat Perez
Deputy Director
Fuels and Transportation Division
California Energy Commission
Dockets Office, MS-4
Re: Docket # 11-ALT-1
1516 Ninth Street
Sacramento, CA 95814-5512

RE: 2012-2013 Investment Plan for the Alternative And Renewable Fuel and Vehicle Technology Program, Staff Draft

Dear Deputy Director Perez:

Crimson Renewable Energy thanks you for this opportunity to comment on the 2012-2013 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program Final Staff Draft.

We wish, however, to strongly object to the complete lack of infrastructure funding for biodiesel in this draft and to request that you reconsider your decision. We also ask for information clarifying the draft's justification based on "the anticipated growth of renewable diesel, as well as the uncertain economics for the continued growth of biodiesel."

Our industry has stabilized after the economic downturn, which has affected all renewable fuels, and now has a growing number of producers who provide about 150 good paying renewable energy sector jobs. It is poised for continued growth with projected 2012 volumes expected to reach 32 million gallons, up from 5,700,000 in 2010. We want to stress that the California biodiesel industry will produce two thirds of its fuel from recycled sources this year in roughly the following feedstock ratios based on our 2012 California industry survey:

Used Cooking oil/Yellow Grease: 60%
Animal Fat: 6%
Soy: 27%
Algae: 1%
Canola/Mustard: 6%

Biodiesel currently provides a majority of the environmental and carbon-reduction benefits under the LCFS but is being grossly underfunded under AB118. We feel that this is not only unfair, but is bad policy for the state, and must surely be based on inaccurate information. Unlike renewable diesel, biodiesel is "today's fuel," as your own reports state. Biodiesel sells 10 times better than renewable diesel nationwide. Renewable diesel suffers economically when the fuel's cold flow properties are improved using an isomerization process. Also, as renewable diesel makes its way into the marketplace, it will be subject to all of the regulatory requirements that exist for new fuels, which biodiesel has been working through for many years.

For over two years, California's biodiesel industry has argued publically and in private meetings, that the current lack of biodiesel infrastructure for rail offloading, terminal storage, and rack blending adds 10-25

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cents per blended gallon and is a major deterrent to the expansion of biodiesel fueling in our state. Biodiesel's low carbon benefits can only be fully realized through federal and state programs of RFS2 and LCFS with adequate infrastructure funding.

Your agency's own 2009 and 2011 Integrated Energy Policy Reports (IEPR), which examine policies that guide California's energy system states: "Although California's biodiesel infrastructure is currently inadequate to accommodate widespread blending of biodiesel, with sufficient lead time (12 to 24 months) modifications could be completed that would enable expansion of biodiesel use. An initial $100 million investment from the Energy Commission and private sources should accelerate the development of several biofuel production projects in California by 2017."

As a possible remedy we would suggest either combining the E85 infrastructure with biodiesel infrastructure (a total of $2 million should be adequate to allow both options to compete on performance for scarce funds) or reallocating a percentage (possibly 6.5%) from other infrastructure categories.

California's biodiesel industry strongly requests that you reconsider your decision to cut all infrastructure funding for biodiesel. We look forward to hearing back from staff with details about how their decision was made and will be reaching out for further discussions. In the meantime, if you should have any questions about this matter, please feel free to call me at 415-218-3766.

Sincerely,



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