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Pacific Ethanol, Inc.

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energy
coalition



April 2, 2012

Mr. Robert Weisenmiller
Chairman, California Energy Commission
1516 9th Street
Sacramento, California 95814

California Energy Commission

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TN # 66902
AUG 17 2012

Dear Commissioner Weisenmiller:

Our coalition of advanced biofuel companies, existing biofuel producers, and Environmental Entrepreneurs (E2) recently met with key members of the legislature. Our message of supporting policies that promote the environmental and economic benefits of low carbon fuel production and, in particular, the funding for CEPIP as a key transition strategy, was well received.

Based on the enthusiastic response we received from key legislative leaders and committee chairpersons, we write to you today to request that the Commission resume full funding for CEPIP in the 2012-2013 investment plan. As previously suggested, our coalition is working with the legislature to transition CEPIP to next generation feedstocks and other gasoline substitutes starting in July 2013. This transition will help provide an incentive to continue production within the state, and further lower the carbon intensity of California's fuels.

The existing biofuel manufacturing base offers a compelling pathway for commercialization of next generation technology as it makes sense to leverage the half-billion dollar existing refining infrastructure, the nearly 2,000 jobs, and the robust marketplace that already exists in California to produce low carbon transportation fuels.

California is the leading edge of low carbon fuel production and next generation technology commercialization that will dramatically lower the carbon in the fuels we use. From an economic perspective, every gallon of low carbon fuel produced in California generates jobs, investment and keeps dollars from being exported out of the state and country. California's emerging next generation industry represents an opportunity to build a job and investment surge that can be as deep and broad as the evolution of the high tech industry. Shifting to the production of low carbon fuels creates a whole new industry from the ground up. The positive environmental and economic benefits envisioned by the legislature deserve and need the programs established in AB 118 to be fully realized.

According to the California Air Resources Board, ethanol produced today in California is among the lowest carbon intensity fuel in the nation. These highly sophisticated, state of the art biorefineries are on the vanguard of utilizing and commercializing next generation technology from a diverse set of feedstocks and waste streams that are essential to reach the necessary scale and volume of fuel produced in California, in addition to increasing the local supply of high value, low cost feed to the livestock industry. Transitioning California to lower carbon fuels to displace petroleum is not unlike the efforts started over sixty years ago to explore space and go to the moon. It requires consistent policy focus combined with private and public partnerships. Rest assured that our coalition of companies and groups are highly focused to make this happen. Our ongoing partnership with the CEC and State government is a critical component to the success of this important public policy.

Thank you for your consideration.

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E2

Kyle Jenke, Vice President, Business Development
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cc: John Laird, Resources Secretary
Karen Ross, Secretary, California Department of Food and Agriculture
Mary Nichols, Chairman, California Air Resources Board
Karen Douglas, Commissioner, California Energy Commission
Carla Peterman, Commissioner, California Energy Commission
Julia Levin, Deputy Secretary of Resources for Climate Change
Virgil Welch, Senior Advisor, Chairman of the California Air Resources Board
Nancy McFadden, Executive Secretary, Governor Brown
Cliff Rechtschaffen, Senior Advisor, Governor Brown