

Energy - Docket Optical System

From: Tom Koehler [tomk@pacificethanol.net]
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California Energy Commission

DOCKETED

11-ALT-1

TN # 66910

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On Behalf of the California Advanced Energy Coalition – please accepts the comments below into the 11-Alt-01 Docket . Thank you.

1. CEPIP is a program designed to help existing California ethanol producers lower their carbon score and diversify their feedstocks. The existing California ethanol facilities offer the best hope in commercializing next generation advanced ethanol. Because of the uncertainty of the LCFS and the lower market price associated with the uncertainty, the LCFS currently is not yet providing the financial incentive deemed necessary for return on investment in new technology. CEPIP provides the needed investment impetus until the LCFS certainty and market price is consistent with the policy. Working with and supporting these facilities through CEPIP in order to lower the carbon score is the only viable alternative to importing even more Brazilian ethanol into California. Without these facilities California will be dependent on more imports from foreign countries. Without CEPIP California will miss its best opportunity to help support low carbon next generation commercialization.
2. California ethanol producers are actively pursuing the use of other feedstocks than corn and will be producing ethanol from these feedstocks as early as next quarter. Doing exactly what the CEPIP program is designed to do.
3. ARB Chairwoman Mary Nichols and staff have been consistent about the need for and their support for the CEPIP program. The existing California ethanol producers are among the lowest carbon producers in the nation and provide the majority of California produced LCFS compliance.
4. Real jobs and innovation are on the line. These facilities create roughly 700 jobs economy-wide per facility. A wide range of next generation technology

companies have all written to CEC stating the importance of CEPIP in transitioning to next gen commercialization. Pulling the rug prematurely from the CEPIP program puts these jobs and innovation at risk. Continuing the CEPIP program will create even more jobs as new jobs will be created with new feedstocks and lower carbon technology.

5. The California ethanol producers represent the only commercial scale new refinery capacity built in California in over 30 years providing critical supply of low carbon low cost fuels to the state motorists. The facilities compete against Midwest ethanol producers who have all received massive state support from state government. CEPIP was modeled after the most common Midwest government incentive program for ethanol facilities but tailored made for California. The CEPIP program is tailored made to incent low carbon ethanol produced in California.

6. CEPIP is one of the most transparent and accountable ab118 grant programs. CEPIP only pays out when low carbon fuels are produced. It is truly a performance grant. In addition, under favorable market conditions the grant can be repaid. There is no other AB118 program with such a payback mechanism.

7. CEPIP has a broad base of support on the record from Key legislators, Building Trades, livestock feeders, Next generation technology companies, ARB, E2 and others.

8. This support is evidenced in AB523 which transitions CEPIP to alternative feedstocks starting in July of 2013. The California Advanced Energy Coalition is asking that CEC honor its CEPIP commitment for corn ethanol until July of 2013 and continue the program for alternative feedstocks post July 2013.