Energy - Docket Optical System

From: Anthony Santich [anthony.santich@vopak.com]
Sent: Tuesday, December 04, 2012 12:06 PM
To: Energy - Docket Optical System
Cc: Olson, Tim@Energy; Len Daly; Natalia Kalitynska; Pearl Hsu; Mike LaCavera
Subject: Comments for 2013-2014 Investment Plan Update for ARFVT Program

Categories: Ready to Docket

The Honorable Carla Peterman, Commissioner
The California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

Re: **Docket No. 12-ALT-02**

Dear Commissioner Peterman,

Vopak Terminal Los Angeles respectfully requests that the California Energy Commission modify the **2013-2014 Investment Plan Update** for the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVT Program) to **include funding for infrastructure to handle gasoline substitutes, specifically marine storage terminals**. Funding will thereby be set aside for marine infrastructure to accommodate the anticipated future ethanol trade flows that will provide the lower carbon intensity ethanol to address the California's Low Carbon Fuel Standard (LCFS).

In the past few weeks, we have met with members of the Brazilian Sugarcane Industry Association (UNICA), Brazilian sugarcane ethanol importers, LCFS obligated parties, and members of the CEC staff; there is a consensus that additional marine infrastructure assets will be a necessity to meet expected ethanol deliveries into California. Ethanol from Latin America is less costly and more efficient to move by all water routes to the U.S. West Coast

According to the CEC's Fuels and Transportation Division, industry studies and our own internal projections, a large increase in the demand for Brazilian-based sugarcane ethanol will take place over the next several years to meet mandated reductions for carbon intensity (CI) under the LCFS. **The delivery of sugarcane or other lower CI ethanol will require marine infrastructure and additional storage capacity in California, particularly Southern California.** Additionally, without adequate marine storage, Brazilian ethanol will flow to the U.S. Gulf Coast and then be sent to California by rail, costing the State jobs and revenue.

Vopak estimates that 400,000-800,000 barrels of marine based storage is necessary to sufficiently handle the anticipated increased ethanol trade flows from Latin America. **The state must expand its terminal infrastructure to help achieve the goals of the LCFS.**

Vopak proposed plans to expand our marine-storage terminal in the Port of Long Beach in response to the needs of the LCFS for imported Brazilian sugarcane ethanol. A new clean products terminal expansion project in Long Beach is currently under preliminary port review. The new capacity would address the impending need for imported ethanol storage. Our estimated initial project cost is approximately $60 million. Unfortunately, the uncertainty of the future for the LCFS creates hesitation among our potential customers to commit to our project and hesitation with lenders and our Board of Directors who have witnessed a CEQA process that often does not allow industry to be nimble in meeting market demands.

If the CEC could venture into a public-private partnership with Vopak by providing a minority percentage of the necessary infrastructure funds, both Vopak and the State of California would be in a better position to address market needs and capital concerns.

We look forward to working with the CEC in helping the state and industry achieve its greenhouse gas emissions reduction goals by providing the infrastructure needed to meet the LCFS requirements. With the CEC approval, Vopak would like to submit a formal request for funding at the December 18th meeting. Thank you for reviewing our request.

Sincerely,

Anthony Santich
Marketing and sales Manager - West Coast
T: 310.549.0961
M: 310.351.8747
F: 310.549.2308
E: anthony.santich@vopak.com

Vopak Terminal Los Angeles Inc.
Visit / Postal Address: 401 Canal Street, Wilmington, California 90744
USA
http://www.vopak.com

A Royal Vopak company