



California Energy Commission

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California Energy Commission

1516 Ninth Street, MS-14

Sacramento, CA 95814

Via email to: docket@energy.state.ca.us

With copy to Stephanie.Bailey@energy.ca.gov

Re: Canergy Comments on the Draft 2013 IEPR

Thank you for the opportunity to submit comments on the draft 2013 IEPR document. Canergy is a California based advanced biofuel company that focuses on ultra low carbon intensity ethanol production from sustainable, non-food energy crops. We are currently developing a 25 million gallon a year cellulosic ethanol production plant in California's Imperial Valley that will utilize locally sourced energy cane. Construction is anticipated to begin in 2014 with operation in late 2015 or early 2016. We would like to commend the Energy Commission on the quality of the work done to prepare the draft IEPR. We also have a few comments on its discussion of energy crop potentials, cellulosic biofuel production potential, and the absence of discussion ethanol blend levels (E15 and E85) that will be required to consume ethanol in the future. Our comments follow.

The Potential for Energy Crops to Displace Gasoline

In Chapter 3 - Bioenergy Status and Issues, the Draft IEPR cites a report by the California Council of Science and Technology¹ and seems to draw a less than favorable conclusion about the potential for biomass, stating that "even with ambitious assumptions about the ability to gather biomass residues for energy production, in-state resources cannot meet demand by 2050". Canergy's review of the same report finds that the authors enthusiastically endorse energy crops as transportation fuel feedstocks. They estimate ethanol production potential from energy crops grown on 9 million acres of abandoned agricultural land (not enrolled in the Conservation Reserve Program) and 8 million acres of unreserved forestland at 10 - 26 billion gallons of gasoline equivalent (gge) per year with another 3 billion gge coming from 4.5 million acres of low-rent grazing land. Given the fact that California consumed less than 15 billion gallons of gasoline in 2012, the IEPR may want to revisit this issue and indicate that sustainable energy crops hold great promise for production of cellulosic transportation fuels.

¹ Youngs, Heather and Somerville, Christopher R., California Council on Science and Technology, *California's Energy Future – the Potential for Biofuels*, May 2013. <http://www.ccst.us/publications/2013/2013biofuels.pdf>

Imperial Valley Energy Cane Ethanol Volumes

The Energy Commission's "Moderate Scenario" assumes only a single plant in the Imperial Valley that will produce 50 million gge/yr of ethanol from sugar cane and other crops. Canergy also believes it will produce an additional 50 million gallons/yr from two plants by 2020 utilizing locally sourced energy cane. Canergy therefore believes the Energy Commission's estimate is conservative.

No Discussion of Ethanol Blend Levels

The Draft IEPR predicts declining gasoline consumption and increasing ethanol consumption. Moreover, EIA's AEO2013 predicts dramatically reduced market share for flex fuel vehicles capable of consuming ethanol as E85. Given that the state is essentially at the E10 blendwall now, Canergy believes some discussion is needed in the IEPR about how the ethanol volumes will be consumed. Specifically, what is the likelihood that E15 will be sold in California?

Thank you for the significant effort expended by your staff on the draft IEPR. We look forward to reviewing the final version. I would be happy to discuss any of these points in more detail with the Commission.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Brummels', with a stylized flourish at the end.

Timothy Brummels
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