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March 14, 2006

DOCKET
6-BAP-1
DATE
RECD. MAR 14 2006

BioEnergy Interagency Working Group
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Subject: Comments to Draft BioEnergy Action Plan
Reference: Docket 06-BAP-1

Dear Working Group Members:

First, let me say that Navigant has done a good job preparing the draft BioEnergy Action Plan (draft plan) for the State. I look forward to seeing it implemented in the coming years. My comments to this draft plan are provided below.

1. **Interim Standards to the 2020 RFS Standard for Transportation**
I agree with the many comments provided during the March 9 workshop that an interim standard is necessary for this RPS standard. An interim standard is necessary to continue the focus and support of RFS in transportation fuels from administration to administration. It is also necessary to stimulate investment in new ventures that will support this standard. Toward this end I would suggest interim standards set at 4 year intervals to reach the goal 2 billion gallons of biofuels by 2020 (40% produced in California).
2. **Equal Tax Treatment for All Biofuel Products**
The draft plan recommends that California "...advocate for equal tax treatment for biomass relative to other renewable energy resources in federal incentive programs." I recommend that California ensure that all biofuels, whether its ethanol, biodiesel, or other bio-oils, receive equal tax incentives. While this is not the case at the federal level, perhaps California can help restore a balance so that in the end all biofuels are incentivized equally, creating a level playing field for all.
3. **Extend Tax Credits for Biofuels to 2020**
The draft plan should consider extending tax credits for biofuels through 2020, or until the RPS standard is met. This will continue to encourage new production facilities to come on-line in California. At present, the tax credits are scheduled to end well before this, providing little incentive for future biofuel ventures to start-up. The level of the extended tax credit could be reduced as California nears its RPS goal.

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4. **Financial Incentives for Biofuel, Bio-Product, and Biopower**
On page 5, item 3b, the draft plan recommends investment and support for biopower technologies. This should be extended to "biopower, biofuel, and bio-product" technologies to be consistent with item 3b on page 40.
5. **Reconsider the California Green Wave Initiative**
A few years ago, an initiative was proposed by Phil Angelides to direct money from CALSTRS and CALPERS funds toward clean energy ventures. The concept has considerable merit in that investment money, not tax money, is being used to create new jobs and ventures in the clean energy sector in California. Under the initiative, Californians were investing in Californians. Unfortunately, this initiative was not implemented. The Working Group should consider a similar initiative as part of the draft plan to stimulate commercialization of bioenergy technologies in the State.
6. **Distribution a Key Issue for Bioenergy**
As Bill Jones of Pacific Ethanol commented at the March 9 workshop, distribution of bioenergy, whether it is ethanol, biodiesel, or biopower, is a major issue. I would have liked to see an expanded discussion on this topic on page 27. But more important, it needs to be a focus of the Working Group's activities moving forward.
6. **Efficacy Insurance**
After listening to the merits of efficacy insurance during the March 9 workshop, I am afraid I still do not understand the benefits very well. Evidently, efficacy insurance is intended to reduce technology risk for investment in new technologies. Research grants serve the same purpose. The State is well practiced at evaluating and overseeing research efforts, so perhaps increased efforts in research grants are a better alternative to the efficacy insurance concept. Increasing funding for research grants for funding past the concept-stage to bench-scale and pilot-scale efforts would greatly reduce technology risk, thereby increasing potential investment to commercialize a technology.
7. **Greenhouse Gas Carbon Credits**
The draft report does suggest that California "consider the net environmental benefits of bioenergy production and use, including the reduction of greenhouse gas emissions." I would like to see this document indicate a much stronger stance on this topic. To have vision to the year 2020 and beyond, we as a State will need to actively and financially encourage processes that are carbon neutral. A carbon credit system for greenhouse gases is necessary to ensure that a greenhouse gas emissions are capped, preventing escalation of these emissions while new energy plants are being incentivized by the State over the next 20 years. The draft plan should recommend that the California Air Resources Board develop a means to stimulate carbon-neutral bioenergy plants and to maintain greenhouse gas emissions from escalating at energy facilities state-wide.

I would appreciate your consideration of these points as the draft plan is finalized. Thank you.

Sincerely,

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Working Group:

Attached please find my comments to the draft BioEnergy Action Plan.

Thank you for considering these comments as you finalize the document.

Regards,

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