



Pacific Ethanol, Inc.



June 16, 2017

The Honorable Holly Mitchell, Chair

The Honorable Phil Ting, Chair

Senate Budget Committee

Assembly Budget Committee

Sacramento, CA 95814

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**Re: AB 118 / SB 103 – Oppose Unless Amended to Remove New
Restrictions on Funding for Sustainable Freight Pilot Projects**

Dear Chairs Mitchell and Ting:

On behalf of a large coalition of renewable fuel providers and supporters of low emission vehicles, we are vehemently opposed to language in Section 8 of both SB 103 and AB 118 to prohibit funding for projects in or near disadvantaged communities that use or produce combustible fuels, including renewable and low carbon biomethane, biodiesel and ethanol. This would be exceptionally harmful to the very businesses producing results in air quality and reaching environmental goals.

This language has been added to these budget trailer bills without a single policy committee hearing, any policy rationale or scientific support, or any consultation with air districts, renewable fuel providers or other relevant stakeholders. It also contradicts the recommendations of the Sustainable Freight Action Plan, developed by multiple state and local agencies, air districts, local communities, environmental justice and environmental groups and would make it much harder to cut pollution from the single largest source of pollution in the freight or any other sector: diesel powered vehicles.

We urge the Committees to strike the prohibition in Section 8 and restore any deleted references to the Sustainable Action Plan.

Section 8 of both bills runs contrary to the Sustainable Freight Action Plan:

- 1. The Sustainable Freight Action Plan Calls Specifically for Pilot Projects that Use Renewable and Low Carbon Fuels.**

California's Sustainable Freight Action Plan calls for increasing near zero emission vehicles running on renewable fuels, in part because there is no electric vehicle on the

market in the heaviest duty – and most polluting – vehicle classes, which are heavy duty trucks. As a result, the Plan states that increasing “low carbon, renewable fuels is critical to a sustainable freight transport system.”¹ The Plan calls for investments to accelerate the transition to zero and near-zero emission equipment powered by renewable energy and investments to “maximize near-zero emission freight vehicles and equipment powered by renewable energy by 2030.”²

When it comes to investments in sustainable freight, the Plan’s first recommendation is to use performance based criteria, rather than picking technology (or fuels) winners and losers. The Plan recommends prioritizing funding for both zero and near-zero emission vehicles running on renewable fuels and states that providing “low carbon, renewable fuels is critical to a sustainable freight transport system. Collaborative funding efforts should . . . add to the existing network of renewable fuels, electric charging capacity, and alternative energy production facilities.”³

2. The Plan Calls for the Immediate Reduction of Air Toxics and Other Air Pollutants, which Renewable Fuels Can Provide.

The Sustainable Freight Plan also calls for the immediate reduction in air toxics and other air pollutants caused by diesel vehicles and equipment. The largest source of these emissions – by far - is heavy duty vehicles running on diesel. There is no electric heavy-duty truck on the market so the only commercially available option is a near-zero emission vehicle running on renewable fuels. By eliminating pilot funding for renewable fuels, the pilot program would not address the single largest source of air pollution from the freight sector. Diesel powered heavy duty trucks are also the single largest source of air pollution generally in both the South Coast and San Joaquin Valley Air Districts.

3. The Plan Calls Specifically for the Use of Biomethane from Dairies and Other Renewable Fuels.

Prohibiting the use of pilot project funding contradicts the Sustainable Freight Plan’s specific recommendations to invest in projects that use biomethane from dairies and other renewable fuels in in the freight sector.⁴ Prohibiting the use of biomethane from dairies (and other organic waste) contradicts the specific requirement of the sustainable Freight Plan and the goals of SB 1383 (Lara, 2016) to reduce Short-Lived Climate Pollutants.

¹ California’s Sustainable Freight Action Plan, adopted July 2016, at page 15.

² Plan at pages 9 and 10.

³ Plan at page 15.

⁴ Plan at pages 18-19.

Sincerely,

Julia Levin, Bioenergy Association of California

Russ Teall, Biodico

Thomas Lawson, California Natural Gas Vehicle Coalition

Alan Abbs, California Air Pollution Control Officers Association

Todd Campbell, Clean Energy Fuels

Johannes D. Escudero, Coalition for Renewable Natural Gas

Tom Koehler, Pacific Ethanol, Inc.

Josh Pane, California Refuse Recycling Council

Kelly Astor, California Refuse Recycling Council

Bruce DD Mac Rae, UPS-West Region

George Pappagelis, Cosmodyne

Paul Relis, CR&R

Dan McGill President, Fastech

Erik Neandross, Gladstein, Neandross & Associates

Mike Zimmerman, Momentum Fuel Technologies

Dominic Nicosia, Nicosia Contracting International (NCI)

Sean Moen, ReFuel

George I. Minter, Southern California Gas Company

William Zobel, Trillium CNG

Aaron Lay, TruStar Energy

Susan Robinson, Waste Management

Mike Pomerantz, WEH Technologies Inc.

Micheal Gross, Zanker Recycling