



August 19, 2015

The Honorable Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814
(Comment submitted electronically, Reference: INVESTPLAN2015-WS)

RE: Cap-and-Trade Auction Proceeds, Second Investment Plan, Draft Concepts Paper

Dear Chair Nichols,

Agron Bioenergy appreciates the opportunity to provide comments regarding the concept paper developed by the Air Resources Board (“ARB”), Cap-and-Trade Auction Proceeds Second Investment Plan (“Second Investment Plan”).

Agron Bioenergy is a California based biodiesel producer, making a low NOx FAME biodiesel. The production facility has very low emissions and was the winner of the clean air award from the MBUAPCD. The company supports 30 head of house hold jobs in a disadvantaged community. We want to help meet the Governors goals of a 50% reduction in petroleum diesel by changing waste tallows and oils into fuel, thereby lowering not only GHG emissions but also contributing significantly to the local economy.

We are supportive of ARB’s Second Investment Plan and in particular its reference on page 12 to the establishment of incentives for the production of low carbon intensity fuels. We agree with the Concept Paper’s inclusion of low carbon fuels as an essential part of ARB’s Second Investment Plan for the following reasons:

- The transportation sector is the largest source of greenhouse gas (“GHG”) emissions and the largest source of planned GHG reductions achieved primarily through the Cap-and-Trade Regulation, and the Low Carbon Fuel Standard (“LCFS”).¹

¹ AB 32 Report, <http://www.arb.ca.gov/cc/jlbcreports/jan2014ab-32-report.pdf> at p. 40 (last viewed August 21, 2015).

Agron Bioenergy LLC
860 West Beach Street
Watsonville CA 95076
Office 831 383 1300: Fax 831 786 8508



- Sound investment strategy suggests that Greenhouse Gas Reduction Fund (“GGRF”) spending should be diversified and be proportionate to anticipated GHG reductions. Liquid and gaseous low carbon fuels have delivered 89% of the GHG reductions in the LCFS to date and will continue to deliver the overwhelming majority for the next five years. This is best illustrated by the comprehensive compliance scenario analysis completed by ARB pursuant to the LCFS re-adoption process as summarized by Table B-18 of the Initial Statement of Reasons.²

Table B-18. Illustrative California Reformulated Gasoline Oxygenates and Substitute Fuels through 2020

Fuel	Units	2014	2015	2016	2017	2018	2019	2020
Corn & Related Ethanol	mm gal	1,400	1,350	1,250	1,175	1,000	925	875
Cane and Sugar Ethanol	mm gal	120	170	240	290	410	460	510
Cellulosic Ethanol	mm gal	0	0	5	15	50	75	100
Renewable Gasoline	mm gal	0	0	0	0	5	15	25
Hydrogen	mm gal GGE	0.03	0.4	1	2	4	5	7
Electricity for LDVs	mm gal GGE	9	14	19	24	31	40	51

Notes: mm gal = million gallons; GGE = gasoline gallon equivalent

- Liquid and gaseous low carbon fuels can be stored, blended and distributed via the existing petroleum distribution network and utilized in existing gasoline, diesel, and natural gas powered vehicles.
- These fuels and vehicles are the only technologies that can be immediately deployed to deliver substantial GHG reductions to California’s rural and urban disadvantaged communities.

² Air Resources Board, Low Carbon Fuel Standard Initial Statement of Reasons, Appendix B (Development of Illustrative Compliance Scenarios and Evaluation of Potential Compliance Curves), at p. B-36, <http://www.arb.ca.gov/regact/2015/lcfs2015/lcfs15appb.pdf> (last viewed August 21, 2015).



- California's goal of cutting petroleum use in half by 2030 would be facilitated by at least a doubling in the use of low carbon fuels including biofuels and renewable natural gas.³

We appreciate the ARB's inclusion of low carbon fuels production within the scope of its Second Investment Plan. We look forward to engagement with ARB throughout the process to ensure that these GGRF funds are invested wisely and yield the highest possible dividends in terms of GHG reduction, other air quality benefits, petroleum reduction, benefits to Disadvantaged Communities, and the expansion of California's clean economy.

Thank you for your consideration of this comment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Roxby Hartley", is written over a faint, larger version of the signature.

Roxby Hartley PhD
Research and Development Director
Agron Bioenergy

³ Air Resources Board, California's 2030 Climate Commitments: Cutting Petroleum Use in Half by 2030, http://www.arb.ca.gov/newsrel/petroleum_reductions.pdf (last viewed August 21, 2015).