

DOCKET 06-AFP-1
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California Energy Commission
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Re: Docket No. 06-AFP-1
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J. F. (John) Alvarez
Vice President, Americas

Dear California Energy Commission:

Sasol Chevron is happy to comment on the draft report, "State Alternative Fuels Plan", CEC-600-2007-011-CTD.

In our view, the omission of XTL from the proposals and analysis is a serious omission. Of the alternative fuels and technologies mentioned, GTL diesel is one that is currently being commercialized, with 49,000 barrels per day of production online already in two plants worldwide and another 174,000 barrels per day of production under construction. Describing this activity as "building pilot plants to demonstrate the commercial availability of XTLs" is clearly mistaken. In addition, the fact that GTL diesel has a neutral to slightly positive GHG impact and a positive impact on criteria pollutants is not reflected in the phrase used in the draft report (pages ES-8 and 32 for example), "limited environmental benefit potential."

There is a body of literature to illustrate these points, and we were under the impression that the CEC had it for reference during the drafting of this report. If not, we would be happy to forward the information to CEC staff. Also, the conclusions drawn here contrast with past CEC staff reports on the favorability and commercial status of GTL diesel.

In Europe, GTL diesel is being considered both for its own benefits and to help prepare the local refining and distribution systems to handle biomass-generated Fischer Tropsch diesel (BTL). The benefits to the automakers and consumers are that the GTL and BTL products are identical, so there is no need for new auto technologies or consumer disruptions when BTL starts entering the market. The refiners and distributors would already be handling the material as an article of commerce, with use for fuel blends well understood. Another lesson from the European experience, downplayed in the report, is that a transition of more vehicles from gasoline to diesel increases fuel efficiency by about 30% and opens the door for even greater gains from diesel hybrids. The use of clean diesel and advanced diesel technology is the centerpiece of the European success with GHG emission reductions in the transportation sector, yet the CEC report ignores this body of commercially proven experience.

Finally, in the past the California Energy Commission has observed that GTL technology creates more diversity in energy supply and helps by reducing dependence on crude oil and allowing natural gas-rich regions to contribute to the transportation energy mix. Further, GTL technology contributes this without requiring investments in vehicle engines or new infrastructure.

We appreciate this opportunity to comment, and hope that these observations will help lead the state of California to its best plan for the energy future.

Yours,

A handwritten signature in black ink that reads "John F. Alvarez".

John Alvarez
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