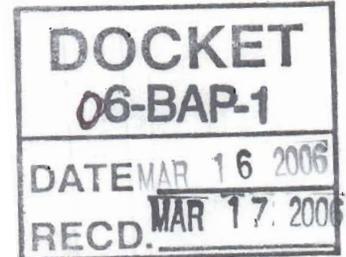




March 16, 2005

Commissioner James Boyd
California Energy Commission (CEC)
Attn: Docket No. 06-BAP-1
1516 Ninth St., MS-4
Sacramento, CA 95814-5512



Re: Opposition: Recommendations of Draft Bioenergy Action Plan
Interagency Working Group (06-BAP-1)

Dear Commissioner Boyd:

The California Trucking Association (CTA) is pleased to provide comments on the Commission's Draft Bioenergy Action Plan prepared by Navigant Consulting.

The enthusiasm for biomass energy solutions reflected in the action plan is positive. It is clear that biomass is a resource whose further development can and should be given further attention to realize its potential energy and environmental benefits. However, the report contains no cautions or lessons-learned regarding well-intended policies that, with the benefit of hindsight, have turned out to be counterproductive and should be avoided when attempting to increase the use of biomass energy.

A case in point is the recommendation to "Establish a broad based Renewable Fuels Standard for California's transportation sector, targeting consumption of 2 billion gallons of biofuels by 2020 with a minimum of 40% produced in California."

CTA is concerned that this recommendation may lead to a regulatory requirement that transportation fuels produced for consumption in California have a required bioenergy component. CTA's recommendation is that California should not introduce single-state fuel requirements in order to promote fuel diversity.

We think that any policy that creates a unique bioenergy fuel formulation for California transportation fuels will further segregate California's transportation fuel production system from the national transportation fuel system. Trucking companies are quite familiar with the negative effects of such a segregation policy from the case of CARB diesel.

Since the introduction of CARB diesel in 1993, California diesel prices have consistently been the highest in the nation. The cost differential caused by the single-state fuel standard has put California trucking companies at a marked competitive disadvantage to companies whose 1800-mile range trucks can bypass the high cost of CARB diesel by fueling outside California. Since 1999, California has lost approximately 200,000 CA-based truck registrations to other states, while the number of interstate trucks operating in CA has increased by 736,000 registrations, largely due to the high cost of CARB diesel.

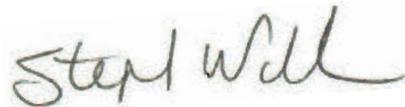
Higher CARB diesel costs have also caused a slowdown in California truckers' replacement of their older vehicles with modern, less polluting trucks because California fleet owners must absorb higher CARB diesel costs to compete with interstate trucking operations.

As a result of the competitive disadvantage, CTA estimates that California's State Highway Account has lost up to \$505 million dollars since the introduction of CARB diesel. A non-petroleum single-state fuel standard would only create a greater cost differential and drive more registrations out of state during a time when the state struggles to fund highway projects and considers tax increases and tolls to make up the difference.

In lieu of a single-state fuel requirement, CTA believes that California truck owners should be able to use what fuel works best for their businesses, whether it be diesel or biodiesel as long as it meets state and federal air quality standards. CTA's recommendation is that California should not introduce a single-state fuel requirement as a means of promoting fuel diversity.

Please feel free to contact me if you have any questions regarding our position on diesel fuel regulations and formulations. I can be reached at (916) 373-3548.

Sincerely,

A handwritten signature in cursive script that reads "Steph Williams".

Stephanie Williams
Senior Vice President