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2010 Bioenergy Action Plan / Sirona Fuels Written Comments

Sirona Fuels operates the Blue Sky Bio-Fuel biodiesel production facility in Oakland. We employ 10 people at this plant, providing skilled, semi-skilled and unskilled green collar jobs, and we are growing. This plant recycles Used Cooking Oil (UCO) to produce Yellow Grease-based bio-diesel; a fuel with the lowest possible carbon footprint. Virtually all of our oil is supplied by local businesses, including restaurants and local UCO collectors. We work with the City of San Francisco to recycle UCO collected through its SFgreasecycle program. We also have a recycling program where we donate money to local schools when those schools sign up businesses to recycle their UCO with Sirona. All of the fuel we produce is sold to local customers. Our customer base includes end-users, retail stations and fuel distributors. We believe that these business practices reflect our commitment to our community.

Sirona Fuels welcomes the opportunity to comment of the California Energy Commission's 2010 Bioenergy Action Plan. With respect to increasing the production of liquid biofuels for transportation in California the main challenge we face is access to quality, reasonably priced feedstock. The UCO market is dominated by large renderers that process the oil into feed for animals. In fact over 90 percent of the UCO collected in California is used for that purpose. When the price of fuel is low the economics of outbidding these renderers is prohibitive. If the State either by legislation or regulation favored biofuel production by imposing tariffs on the use of products that can be made into biofuel being diverted for any other use, the price that biofuel production companies could offer would be made more competitive. Sirona Fuels feels this is one of the only ways to increase waste oil biofuel production without spending significant amounts of money by the state and would in fact be revenue positive. This would be in keeping with the trend towards putting a price on carbon and the release of GHG emissions. Currently both uses of waste oil are treated neutrally while one produces ultra low carbon fuel that displaces petroleum based products and the other produces and increase in GHG emissions by raising livestock.

Another challenge faced by biofuel production facilities is the low price of diesel and the fact that a significant percentage of the price paid for that fuel is for both state and federal taxes. The California excise tax that is currently \$0.16 for diesel fuel is set to more than double to \$0.335 on July 1, 2010. This tax is imposed equally on petroleum based products and biofuel produced both in and outside of California. If the State of California wants to increase in state biofuel production eliminating the excise tax on biofuel produced in the State of California would be a logical step to take. Again this would be in keeping with the trend towards putting a price on carbon and the release of GHG emissions. While this would not be revenue neutral it would be the most cost effective way to encourage instate biofuel production.

Respectfully submitted,

Robert Kirsten
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