BAKER COMMODITIES, INC.

State of California
California Energy Commission
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California Energy Commission
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Mr. Tim Olson,

I am writing you today on behalf of Baker Commodities, Inc. regarding the California Energy Commission (CEC) and infrastructure spending in connection with biodiesel and other renewable alternative fuels available for use in California as it applies to AB 118.

Baker Commodities, Inc. ("Baker") has been in business since 1937 recycling animal by-products and used cooking oils into a variety of important products for industry and society. These products have spanned many industries, including the production of cosmetics, soaps, detergents, industrial lubricants, oleo chemicals, glycerin for munitions in past wars, and animal feed fats and proteins to support a growing America and its ever-increasing need for food.

For several years now, Baker has been investigating, designing and supporting biodiesel and other renewable fuels (such as renewable diesel). After extensive research, Baker has concluded that the advancement of biodiesel is essential because of the resulting reduction in particulate matter and how cleanly it burns. Baker supports biodiesel by: (1) using biodiesel in its own substantial truck fleet, and (2) being a member of the National Biodiesel Board (NBB), the NBB Governing Board, and as a commissioner on the National Biodiesel Accreditation Commission (NBAC). On the local level, Baker is a member of the California Biodiesel Alliance (CBA).

Baker has plans to build a biodiesel plant in Southern California. This plant, being designed by Baker's wholly-owned engineering firm (Superior Process Technologies), would have an initial capacity of 10 million gallons per year and the potential to produce as much as 30 million gallons per year. In addition to the engineering firm, Baker also owns its own construction company (MMI Tank and Industrial Services, Inc.) which would be utilized in the construction of the biodiesel plant. Since Baker is a rendering company, it also produces and controls the feedstock necessary for the biodiesel production. Due to this vertical integration the biodiesel would truly be a locally-made.

Based solely on the conservative estimate of the facility being capable to handle 10 million gallons per year, this would generate 200,000,000 gallons of B5, 100,000,000 gallons

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of B10, or 50,000,000 gallons of B20 fuel blends for consumption here in California. If Baker were to go to a 20 or 30 million gallon per year plant, these numbers would double or triple the initial amounts. This would equate to a significant displacement of petroleum and reduction of emissions.

The feedstocks Baker produces are also sought by petroleum refiners that wish to co-process the recycled feedstocks into their petroleum process, which yields them a standard ASTM D975 diesel fuel with no reduction in pollutants. Although carbon is recycled when used in this fashion, unlike when used in biodiesel, there is no emission reduction and therefore the feedstock is not being used to its full potential.

Primarily, Baker needs support in the development of additional sources of in-state produced feedstocks. This will allow the California biodiesel industry to move beyond 100-150 million gallons per year feedstock levels. Secondly, California has an overwhelming need for blending, storage and distribution infrastructure. These issues need to be addressed in order to allow biodiesel fuel and blends to make a greater impact on biodiesel usage here in California. These biodiesel fuels and blends need to be able to be stored at petroleum terminal racks for blending and shipping, truck stops for on-site blending and dispensing, and for fleets and large fueling locations. The fuel and blends need to be made available wherever any other fuel is sold or dispensed, such as the corner gas station. Until these locations are able to store and/or blend biodiesel, the citizens of California are deprived of the ability to select biodiesel fuel or biodiesel blend for their personal use.

Baker wants to be clear that it supports the building of infrastructure for distribution, but does not support funds going to existing infrastructure (such as rail or ports) that has a primary effect of flooding the California market with Biofuels made outside of California. Baker understands that fuels from outside of California will make their way into the state and be blended for use as all fuels are, but Baker does not support California taxpayer dollars being used to advance interests outside of the state of California. Funding should go to existing in-state companies that blend or terminal biodiesel and blends, both large and small, in order to show these companies that California is committed to growing California businesses and protecting the environment.

Sincerely,

BAKER COMMODITIES, INC.

Doug Smith
R&D / Quality Assurance Director

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