DOCKET
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Testimony of Mr. Bill Jones
Chairman, Pacific Ethanol Inc.
Docket 06-BAP-1
3/9/06

Hello everyone, and thank you for allowing me this opportunity to speak. My name is Bill Jones, and I am the Chairman of Pacific Ethanol, Inc. Pacific Ethanol, Inc. is a publicly traded company that markets renewable fuels and is in the process of building plants in the Pacific Region.

Previously, I have worked for over 20 years in public service in California in the legislature and as a constitutional officer.

I would like to address why a comprehensive Bio Fuels Policy is needed.

First of all, it is not often that you can deal with one issue such as *Fuels* and affect so many problems in California in a positive way. Our environment can be positively affected through Co2 reduction if we achieve fuel diversity of non hydrocarbon fuel using the current distribution system.

And we will create jobs – approximately 700 jobs for every 40 mg plant.

Our plan is to build four plants in California. $1.7 million dollars in taxes will be paid per year into communities and the State for each 40mg plant. Ethanol will reduce our need for foreign oil and fuel from other states. Rural development will increase. If we were to build plants to produce the total of 1 Billion gallons currently used in California, it will equate to $5.5 billion dollars in economic growth. The amount of new crops for our farmers will increase.

Our Madera plant is the largest fuel refinery built in a generation in California. A generation that has seen our population grow from 25 million people to 37 million people!

The future holds much promise. A hydrogen highway, E85 ethanol and bio-diesel stations are all important and on the horizon. But today we must hold open the distribution channel with low blends for corn ethanol from plants that can be financed in today's markets and built in our State.

By doing so we provide a pathway for cellulose ethanol plants to be built in the near future because the competitive market will see a stable long term market for renewable fuels in our state with the distribution of low blends in our current fuel.

My Company is currently building plants in Colorado that we will manage and in Oregon that we will own and manage. We can easily choose to place the remainder of our capital outside California thus losing the economic development benefits and the important fuel we need to other states.

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In conclusion, I have had the great honor to serve four Governors' and four President's in the area of public policy. Now I am fortunate to present not only good public policy but $250 Billion dollars of economic investment, thousands of high paying jobs and millions of dollars of tax revenues while reducing greenhouse gases.

I would like to encourage this group to take a comprehensive approach as represented by the reports that the energy commission has presented on renewable fuels. We have an opportunity to build an industry in this State, let's do all we can do to not miss this opportunity.

Specifically, the Bioenergy Task force should recommend that the Governor take the following actions.

1. Direct the ARB to implement a fuel regulation that assures no backsliding of current use of ethanol and current CO2 reductions achieved through the in use fuel of today.

2. Direct ARB to optimize its fuel regulations for the use of renewable fuels up to 10% ethanol. Currently the regulation is optimized – by executive order from the Davis administration – for 100% petroleum fuel. Changing this to be optimized for 10% ethanol will increase our use on non petroleum fuel in the state at the same time protect air quality. Further ARB should be directed to consider BOTH the fuel and the vehicle as one system in the fuel regulation in terms of emission reductions. Today we have LESS emissions from the combined fuel and vehicles than we did when MTBE was banned. These emissions are being reduced every day. Recognition of the continued reduction of emissions should be a cornerstone to existing and future fuel regulations.

3. Direct ARB to implement the CEC recommendation of a 10% renewable portfolio standard by 2010. This standard provides flexibility for both use and air quality results as well provide the market signal for increased investment in renewable fuel production in California.

From: "Robert C. Lapsley" <rlapsley@yahoo.com>
To: <docket@energy.state.ca.us>
Date: 3/17/2006 3:30:04 PM
Subject: Bioenergy Action Plan (06-BAP-I)

CEC Docket,

Please find an attached document submitted for the record re: CEC Bioenergy Action Plan.

Sincerely,

Robert C. Lapsley

Consultant
714 609-7559

CC: "'Tom Koehler'" <tomk@pacificethanol.net>, "'Bill Jones'" <bjones@pacificethanol.net>, "Brian Forrest" <b4st@yahoo.com>