

**Item #7**  
**October 6, 2010**  
**Energy Commission Business Meeting**

**RTC Fuels**

**Grant Agreement  
for  
Two Biodiesel Blend Terminals – Sacramento and Perris**

**Summary**

RTC Fuels will develop two new biodiesel blending facilities. In Sacramento, RTC is partnering with InterState Oil Company at the former McClellan Air Force Base, where it will dispense up to one million biodiesel gallons annually. The second site will be in El Cajon in San Diego County. RTC will work with SoCo Group Inc. and will dispense up to 800,000 gallons annually.

California's weakest link for using biodiesel, and other bio-oils, is its lack of bulk terminal, bulk storage and terminal blending facilities. Lack of biodiesel terminals significantly raises the cost to transport and ultimately retail biodiesel fuel blends. This project provides two terminal blending facilities and will leverage the existing diesel distribution infrastructure and expertise of petroleum distributors to increase biodiesel blends throughout California. This project will lower biodiesel's retail price premium by reducing storage and distributing expenses.

The existing Northern California, (formerly McClellan Air Force Base) petroleum terminal, will be retrofitted to accept biodiesel storage and blending, and subsequently, provide biodiesel blends to San Francisco, San Jose, Sacramento, and Stockton metropolitan areas. RTC Fuels will install a new blending tank at the Southern California site in El Cajon to make biodiesel blends available to Ventura, Los Angeles, Orange, Riverside, San Bernardino, Imperial, and San Diego counties.

The Energy Commission is providing \$1,790,000 in Alternative and Renewable Fuel and Vehicle Transportation program funds. The project participants are providing a minimum of \$1,143,336 additional match funding.

**Benefits**

Successful completion of these infrastructure investments will result in two strategically located biodiesel terminals capable of efficiently distributing biodiesel to 70 percent of California's market. The biodiesel provided by these sites will reduce diesel exhaust emissions, especially from older less emission controlled vehicles. Local air quality will be improved due to biodiesel's estimated criteria pollution reductions.

Biodiesel blends of 5, 20 and up to 99 percent will be distributed from these terminals. Collectively the terminals will displace up to 1.2 million equivalent gallons of diesel per year and reduce over 7,400 tons of greenhouse gas emissions per year.

Biodiesel reduces greenhouse gas emissions by 15 percent if it is made from soybeans or 88 percent if made from waste grease. Biodiesel has an Air Resources Board Low Carbon Fuel Intensity estimate of 11.76-83.25 (gCO<sub>2e</sub>/MJ).

This project represents a key Alternative and Renewable Fuel and Vehicle Transportation program, petroleum, GHG, and criteria pollutant emission reduction investment toward the 2020 goals. According to the project applicant 50 construction, fuel terminal contractor, and equipment manufacturing jobs will be directly supported and created by this project.

## **Participants**

RTC Fuels, a limited liability corporation with Pearson Fuels and AE Biofuels, will construct and provide the biodiesel for two terminal blending facilities, one new and one retrofit. RTC Fuels will install a new tank at the El Cajon site in partnership with SoCo Group Inc.

InterState Oil Company will participate by providing an existing diesel terminal at the McClellan site. RTC Fuel will retrofit the terminal with full biodiesel storage and blending capacity.