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Addendum 4

December 10, 2010

PON-09-607

GRANT SOLICITATION APPLICATION PACKAGE

Alternative and Renewable Fuel and Vehicle Technology Program

Subject Area: California Ethanol Producer Incentive Program

The purpose of this addendum is to make revisions to:

- Section 10: Program Requirements
- Attachment E: Biorefinery Operational Enhancement Goals (BOEG) and Compliance Timeframe

Section 10, Program Requirements

Amend the following language at the end of Section 10:

~~Upon execution of a CEPIP Participant Agreement, the participant is not~~ No entities nor their parents, subsidiaries or affiliates are eligible to both participate in CEPIP and also receive funding under other AB 118 Program solicitations for any projects located at or integrated with ~~a~~ the CEPIP participant's facility or facilities, unless (1) the applicant(s) for both CEPIP and the other AB 118 Program solicitation have submitted a concise written statement to the Energy Commission Project Manager for the CEPIP demonstrating how the Biorefinery Operational Enhancement Goals through one of the two pathways can be achieved and accounted for separately from, and over and above, any carbon reductions and environmental benefits resulting from the measures or activities funded under the other AB 118 Program solicitation(s), and (2) the Transportation Committee of the Energy Commission accepts and approves the plan.

For any CEPIP Participant with an existing, executed CEPIP Participant Agreement, such approval is required before it submits an application for any other AB 118 Program solicitations for projects located at or integrated with the CEPIP participant's facility or facilities.

For any past or current awardee of any other AB 118 Program solicitation for projects located at or integrated with the CEPIP participant's facility or facilities, such approval is required before the Energy Commission approves a CEPIP Participant Agreement.

A CEPIP participant may voluntarily withdraw from receiving future CEPIP payments by submitting a written request to the Energy Commission. The Energy Commission will provide a written confirmation to the CEPIP participant that they are no longer eligible to receive future CEPIP payments. The written confirmation will also state, as a condition of their voluntary withdrawal, that the CEPIP participant may be eligible to apply for other AB 118 Program funding solicitations.

While withdrawal from the CEPIP would enable a participant to pursue other AB 118 funding solicitations, compliance with CEPIP reimbursement requirements would still apply. Consistent with the CEPIP policy regarding the suspension of payment eligibility, withdrawal from receiving future payments does not negate the obligation by the participant to reimburse any outstanding balance in their CEPIP account that is subject to the reimbursement obligations of the CEPIP and the terms of the CEPIP Participant Agreement.

Attachment E: Biorefinery Operational Enhancement Goals (BOEG) and Compliance Timeframe

Amend the first paragraph under "BOEG Pathway Option One- Reduced Carbon Intensity" as follows:

The purpose of this goal is for the biorefiner to reduce the carbon intensity CO_2 equiv. (CI) value of the fuel they produce by at least 10 percent relative to the default value adopted under the Low Carbon Fuel Standard by the California Air Resources Board (ARB) for their particular process application and type of feedstock as of March 1, 2010. The reduction of CI must be at least 8.07 ~~8.70~~ gCO_2e/MJ. Energy Commission staff assumes a combined (direct and indirect) default CI for California ethanol facilities of 80.70 gCO_2e/MJ.[1] The default direct emission portion of the CI value is assumed to be 50.70 gCO_2e/MJ. The biorefiner (CEPIP participant) would be required to reduce the direct emission portion of their pathway to a value of 42.00 gCO_2e/MJ or less to achieve full compliance with this pathway option. A plant specific CI may be substituted for the default CI subject to ARB and/or Energy Commission review as follows:

[1] California Air Resources Board, Table 6. Carbon Intensity Lookup Table for Gasoline and Fuels that Substitute for Gasoline, California Dry Mill; Wet DGS; NG. A link to this table is as follows: http://www.arb.ca.gov/fuels/lcfs/121409lcfs_lutables.pdf