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## **Rapid Developments in Alternative Fuels Surpassing Expectations**

*New report analyzes recent developments in fuels sector;  
Diesel replacements biggest surprise*

Sacramento, Calif. – June 13, 2013 – Industry leaders and investors are heartened by faster-than-expected developments in alternative fuels, according to an industry report released today.

The alternative fuels market has evolved much faster than anticipated, reveals the report, produced by a coalition of investors, utilities, and makers of alternative fuels and vehicles. For example, sales of electric vehicles are beating early projections, the surge in natural gas supply is helping decrease the carbon intensity in the transportation of merchandise, and biodiesel and renewable diesel are being consumed in much higher quantities than ever before. Although the cellulosic ethanol industry has struggled to produce projected volumes, other alternatives have emerged in unforeseen ways.

“We know now that the Low Carbon Fuel Standard is exceeding our expectations and driving us towards a clean fuels future,” said Eileen Tutt, executive director of the [California Electric Transportation Coalition](#) (CalETC). “The standard is doing exactly what it was designed to do – open the way for new fuels and technologies to compete fairly in the marketplace.”

The report analyzes recent developments in the transportation sector and presents three scenarios that ratchet down the carbon intensity of transportation fuels 10 percent to meet the goal of California’s Low Carbon Fuel Standard by 2020.

In addition to the three scenarios, the report offers these main conclusions:

- a) California’s Low Carbon Fuel Standard is achieving its goal of encouraging technological innovation through private investment;
- b) The standard’s goals are achievable within its timeline, given current market conditions and revised estimates of low-carbon fuel availability out to 2020.

“The market has certainly taken some unexpected turns – we’re seeing very interesting, if nascent developments from alternative fuel providers that are both encouraging and reflective of the market-based approach of the Low Carbon Fuel Standard,” said Philip Sheehy, analyst for [ICF International](#), the independent consulting firm that performed the technical analyses contained in the report.

Emerging as the report's biggest surprise was the promise of fuels that substitute for diesel, including biodiesel, renewable diesel, and natural gas. These fuels, which can all be used in trucks, are produced from waste materials, including animal fats, corn oil, and the gas that would otherwise escape from landfills. California drivers are rapidly increasing their consumption of biodiesel, up from the range of 20-25 million gallons in 2010. In fact, "2013 promises to be a banner year for biodiesel consumption in California," the report declared.

Biodiesel blended at up to 5 percent with conventional diesel does not require any modifications to delivery infrastructure or vehicles. With recent improvements to the carbon intensity of biodiesel by using feedstocks such as corn oil, waste oils, and animal fats, diesel providers can blend low carbon biodiesel and earn credits for those reductions. Similarly, advances in renewable diesel production using waste feedstocks have enabled the deployment of significant volumes of this fuel in California.

Finally, increases in natural gas supply, more vehicle offerings, and attractive fuel pricing have generated significant interest for compressed and liquefied natural gas, particularly by fleets in the goods movement sector. Based on new market data, the report assumes that collectively these diesel substitutes will play a key role in the program.

"It is noteworthy that much of the good news from the state's emerging fuel sector has come during a continuing national recession and consequent drop in clean-tech investments," said Carol Lee Rawn, transportation program director for [Ceres](#), a nonprofit sustainability advocacy group. "It suggests that as the economy improves, we can expect even faster progress – and forward-thinking entrepreneurs and investors would be wise to seize this moment to enter the new market."

Based on new market data, recent industry investment, and likely consumer behavior, the report outlines three scenarios for how California's transportation industry might comply with the fuels standard out to 2020. All three projections point to an increasingly diverse fuel supply, with more innovation leading to more renewable fuels and advanced vehicles.

"Despite the unexpected advances, there are additional untapped reductions available with slight adjustments to the state's clean fuels standard," said Tutt, at the California Electric Transportation Coalition.

The report also highlights the benefits in terms of greenhouse gas reductions from two additional low-carbon fuel strategies: the addition of off-road electrification (such as electric locomotives and battery-powered forklifts), and improvements to California's fuel-recovery and extraction processes (using solar energy in crude oil extraction or installing carbon capture and storage technologies at oil and gas wells).

This report is the first phase of a comprehensive, year-long project to analyze the environmental and economic impacts of meeting California's Low Carbon Fuel Standard. It is the work of a diverse coalition, including [CalETC](#), [Ceres](#), [E2](#), [the California Natural Gas Vehicle Coalition](#), [the National Biodiesel Board](#), and [the Advanced Biofuels Association](#).

To find more information and to view the full report, visit  
<http://www.caletc.com/LCFSReport>

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