



# California Low Carbon Fuels Infrastructure Investment Initiative (LCFI3)

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Department of General Services  
May 16, 2012

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Project ID #  
ARRA VT-  
082

# Overview

## Timeline

- Project start date: June 15, 2010
- Project end date: June 14, 2014
- 16 of 75 Stations Complete (21%)
  - 2010: 9 Stations Constructed
  - 2011: 6 Stations Constructed
  - 2012: 1 Station Constructed as of 5/16/12

## Budget

- Project Funding: \$21,406,044
  - DOE Share: \$6,917,200 (32.3%)
  - CEC Share: \$4,000,000 (18.7%)
  - Propel Share: \$10,488,844 (49.0%)
- Actual Reimbursements vs. Total Project Funding:
  - Reimbursements to date: \$6,827,748
  - DOE: \$2,885,889 (42.3%)
  - CEC: \$726,648 (10.6%)
  - Propel Expenditures: \$3,215,211 (47.1%)
- Actual Reimbursements as a percent of Partner Share:
  - DOE: 41.7%
  - CEC: 18.2%
  - Propel: 30.6%

## Barriers

- Capital and Site Development Cost Increases
- Local/State Agency Permitting Requirements
- Private Matching Funding
- Tax Law Changes: VEETC
- Changing Market Conditions

## Partners

- US Department of Energy
- California Department of General Services
- California Energy Commission (Match Funding)
- Private Sector Contractors: Propel Biofuels, Inc

# ARRA Relevance

The LCFI3 project is meeting ARRA goals by creating 108 jobs, spurring new economic activity in under-utilized fuel retail markets, and creating long-term economic growth through affordable fuel options for consumers and fleets.

# Relevance

Project Objectives	Progress
<i>Build 75 new alternative fuel stations</i>	16 stations built, 59 remaining to build
<i>Supply low carbon, domestic alternative fuels for retail in CA</i>	Entered in 5 major CA markets – San Francisco Bay Area, Sacramento, Los Angeles, Orange County, San Diego
<i>Work with state, federal, and business fleets</i>	Provide convenient fuel opportunities for USPS, Caltrans, CHP, DGS, US Navy fleets, as well as many commercial fleets
<i>Displace 24M gallons of diesel and 42M gallons of gas annually</i>	Displaced petroleum with 528,000 gallons of biodiesel, 1,744,000 gallons of E85 in recent 12 month period
<i>Establish platform for second generation fuels</i>	Platforms capable of dispensing advanced biofuels, include space for charging, etc.
<i>Create 450 direct and indirect jobs</i>	108 jobs created through March 2012
<i>Displace 187,000 tons of CO2 annually</i>	21,000 tons of CO2 displaced in recent 12 month period
<i>Educate consumers and fleets using Clean Cities Coalition</i>	Calstart and Clean Cities Coalitions assist with new station launch events

# Approach

## Addressing Regulatory and Permitting Challenges and Creating Contingency Plans



- Recent regulatory approval of new fuels and equipment has addressed technical issues that limited fuel offerings
- Over 130 signed contracts with station owners in CA allows backup sites should a station run into local agency permitting challenges
- CEQA & NEPA approval completed on over 100 locations.

***Regulatory and permitting challenges are now addressed, allowing Propel to accelerate construction.***

# Approach

- Construction has been stalled due to lack of matching funds
- Matching funds allowed only one new site in 2012 2<sup>nd</sup> Qtr (Fullerton site)
- Matching funds found to continue build-out
  - Propel nearing completion of next large round of financing
    - Term sheet for \$20M financing signed
    - Additional \$25M for development capital for station acquisition
    - Closing date for round is May 31<sup>st</sup>

***Propel anticipates having more than enough matching capital to move forward with a new round of construction***

# Milestones

## **16 Stations Built in 5 Key California Markets**

- 2010 – 9 stations
- 2011 – 6 stations
- 2012 – 1 station

## **New Station Pipeline**

- 2012 – 29 stations
- 2013 – 31 projected stations
- 2014 – Completion of projected stations, data collection and closeout agreement

# Technical Accomplishments and Progress

## **Propel has prepared for rapid station expansion**

- Hired highly capable staff with experience in expanding retail networks
- Secured NEPA & CEQA approvals
- Established efficient process for securing permits from Water Board, CA EPA, AQMD, and CUPA
- Removed technical barriers to entry by securing UL approval for equipment
- Secured partnership agreements for pipeline of future station locations
- New build model, the Clean Mobility Center, allows increased cost efficiencies
- Recent fundraising round in place, will allow site work to commence

# Collaboration & Partnerships

## Site Development

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7-Eleven  
Westfield  
Tesoro  
Pacific Convenience & Fuels

## Site Operations

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7-Eleven  
Quiznos  
Circle K

## Supply

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Green Plains  
Bunge  
ADM  
Cargill  
Pacific Ethanol

## Mobility and Services

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GM  
Zipcar  
Ecotality  
Green Garage

## Development Capital

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Canam Group  
Cadence  
Pontus Capital

## Government Agencies

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US Department of Energy  
US Department of Agriculture  
California EPA  
California Energy Commission  
California Air Resources Board

# Future Work

## 2012

- Complete work on first Clean Mobility Center (new station model) in Fullerton, CA.
- Station opening will include extensive marketing and outreach efforts. California legislators and administration will be in attendance
- Finish raising matching funds
- Build 29 stations, both new and previous models

## 2013 and beyond

- Completely transition to new model
- Complete remain stations with available funds
- Complete grant reporting and closeout agreements

# Summary

## **The LCFI3 project is successfully bringing new renewable fuel options to consumers**

- 16 alternative fueling stations built to date
- Price position of E85 in the market stalled  
Propel's station builds in 2<sup>nd</sup> half of 2011 & beginning of 2012
- Pipeline of stations in place
- Well-positioned for future station builds now that regulatory, permitting, and funding challenges have been addressed

# Q and A & Wrap-Up



# Technical Back-up Slide: Station Models

Propel has two branded station models that offer consumers a simple and educational fueling experience.

## Clean Fuel Points

- Lease land from fuel station partners
- Build, own, and operate renewable fuels equipment
- Centrally manage all fuel purchasing and delivery
- Maintain proprietary transaction network



# Technical Back-up Slide: Station Models

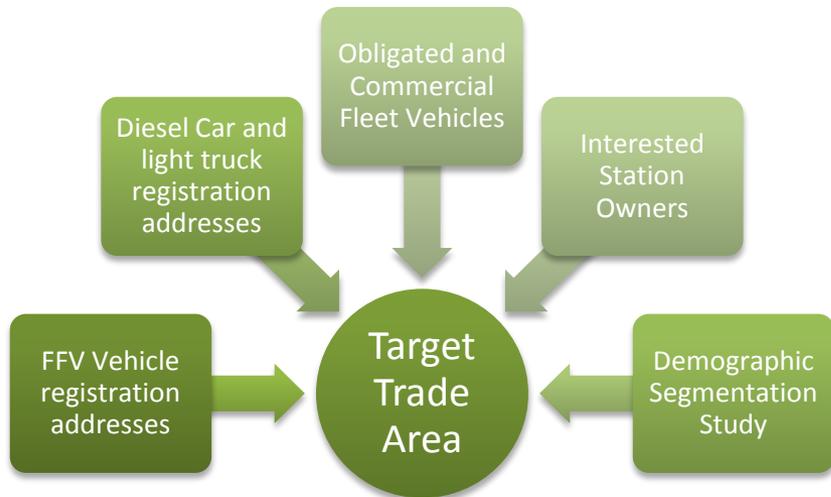
## New station model: Clean Mobility Centers

- Transform entire existing gas stations into clean transportation hubs, offering new fuel options to a broader customer base
- Create cost-effective efficiencies for quick deployment
- Will reduce redundant costs, creating a more economic station model
- Potential to include multiple alternative fuel types



# Technical Back-up Slide: Propel's Approach

**A distinctly different kind of fueling company, Propel's approach to network deployment tackles the challenges that have historically limited the success of E85 infrastructure**



## **Alternative Fuel Retail Location Selection:**

Propel's unique station siting approach ensures highest consumer and fleet traffic

- Locate trade areas with high FlexFuel vehicle counts using unique locating methodology
- Identify existing fuel stations in those areas
- Approach station owners and sign co-location agreements
- Begin permit process
- Build stations
- Marketing site launch – include Calstart, Clean Cities in regional education and awareness campaign