California Low Carbon Fuels Infrastructure Investment Initiative (LCFI3)

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Department of General Services
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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
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

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<th>Project Objectives</th>
<th>Progress</th>
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<tr>
<td>Build 75 new alternative fuel stations</td>
<td>16 stations built, 59 remaining to build</td>
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<td>Supply low carbon, domestic alternative fuels for retail in CA</td>
<td>Entered in 5 major CA markets – San Francisco Bay Area, Sacramento, Los Angeles, Orange County, San Diego</td>
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<td>Work with state, federal, and business fleets</td>
<td>Provide convenient fuel opportunities for USPS, Caltrans, CHP, DGS, US Navy fleets, as well as many commercial fleets</td>
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<td>Displace 24M gallons of diesel and 42M gallons of gas annually</td>
<td>Displaced petroleum with 528,000 gallons of biodiesel, 1,744,000 gallons of E85 in recent 12 month period</td>
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<td>Establish platform for second generation fuels</td>
<td>Platforms capable of dispensing advanced biofuels, include space for charging, etc.</td>
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<td>Create 450 direct and indirect jobs</td>
<td>108 jobs created through March 2012</td>
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<td>Displace 187,000 tons of CO2 annually</td>
<td>21,000 tons of CO2 displaced in recent 12 month period</td>
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<td>Educate consumers and fleets using Clean Cities Coalition</td>
<td>Calstart and Clean Cities Coalitions assist with new station launch events</td>
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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 2nd 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 31st

*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
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
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<td>Westfield</td>
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<td>Tesoro</td>
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<td>Pacific Convenience &amp; Fuels</td>
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<td>California Air Resources Board</td>
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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\textsuperscript{nd} 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
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
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
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.

- Locate trade areas with high FlexFuel vehicle counts using unique locationing 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

**Alternative Fuel Retail Location Selection:** Propel’s unique station siting approach ensures highest consumer and fleet traffic.