

December 13, 2010

Mary D. Nichols, Chairwoman
California Air Resources Board
Headquarters Building
1001 "I" Street
Sacramento, CA 95812

RE: Proposed Regulation Order for a California Cap-and-Trade Program

Dear Chairwoman Nichols,

As the leading national trade association representing the U.S. ethanol industry, the Renewable Fuels Association (RFA) appreciates the opportunity to submit the following comments on the Proposed Regulation Order (PRO) for a California Cap-and-Trade Program.

RFA promotes policies, regulations and research and development initiatives that increase the production and use of fuel ethanol from all feedstocks. RFA membership includes a broad cross-section of ethanol producers and suppliers, ranging from early-stage cellulosic ethanol producers to larger scale grain ethanol companies, as well as other businesses, individuals and organizations dedicated to the expansion of the U.S. fuel ethanol industry. While RFA generally supports a national policy to address climate change, we note that nothing in these comments should be taken as approval or endorsement of California's proposed regulation.

RFA commented earlier that California's proposed cap-and-trade program should recognize the carbon neutrality of biomass and that the only reasonable option for treatment of emissions from biomass-derived fuels is to exempt them from having a compliance obligation.¹ We appreciate the California Air Resources Board's (CARB) consideration of those comments and we believe the agency's approach to combustion emissions from ethanol and other biomass-derived fuels outlined in §95852.2 of the PRO is appropriate and scientifically justified. The PRO's approach of exempting emissions from biomass-derived energy from counting toward a covered entity's compliance obligation is consistent with the treatment of biomass emissions in other established regulatory frameworks, policy proposals, and accounting protocols.²

¹ See RFA comments in response to CARB Preliminary Draft Regulation for a California Cap-and-Trade Program. January 11, 2010. Available at http://www.arb.ca.gov/lists/dec-14-pdr-ws/48-ca_ct_pdr_comments_rfa.pdf

² See for example: H.R. 2454 ("American Clean Energy and Security Act of 2009"); European Union Emissions Trading Scheme; 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Vol. 2 (Energy); Regulation of Fuels and Fuel Additives: Changes to Renewable Fuel Standard Program; Final Rule (75 Fed. Reg. 14,670 (March 26, 2010)).

We encourage CARB to resist requests to require a compliance obligation for emissions from bioenergy, as well as any other appeals to otherwise include bioenergy emissions under the cap. CARB should continue to avoid attempting to capture emissions from changes in carbon stocks due to land use changes under the cap, since those emissions are outside the scope of the cap-and-trade program. Further, speculative emissions related to land use change are already being dealt with separately through the California Low Carbon Fuels Standard (although there is significant controversy and disagreement surrounding the methods used by CARB to estimate such emissions). Potential changes in land-based carbon stocks should not obfuscate or interfere with the carbon neutrality of biomass under the cap-and-trade program. Indeed, land use change emissions and the biomass carbon cycle are two distinctly separate issues and should continue to be treated as such.

Again, we believe CARB's decision to exempt emissions from ethanol and other biomass-derived fuels from counting toward compliance obligations is scientifically justified and appropriate.

Thank you for considering our comments.

Sincerely,

A handwritten signature in black ink that reads "Bob Dinneen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Bob Dinneen
President and CEO