Johns Manville

A Berkshire Hathaway Company

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Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: ***CARB's Cap-and-Trade Program 15-Day Rulemaking Package***

Dear California Air Resources Board Members:

Johns Manville appreciates the opportunity to comment on the 15-day changes to the AB-32 Cap-and-Trade Program regulation proposed on July 25, 2011.

Background Information on Johns Manville
Johns Manville (JM), a Berkshire Hathaway company (NYSE: BRK.A, BRK.B), is a leading manufacturer and marketer of premium-quality products for building insulation, mechanical insulation, commercial roofing, and roof insulation, as well as fibers and nonwovens for commercial, industrial, and residential applications.

With world headquarters in Denver, JM's 6,500 employees at our forty manufacturing facilities serve North American, European, and Asian markets that include: residential and commercial construction and retrofit; aerospace; automotive and transportation; air handling; appliance; HVAC; pipe and equipment; filtration; waterproofing; building; flooring; interiors; and, wind energy. JM is the only manufacturer to offer a complete line of certified Formaldehyde-free™ fiber glass building insulation.

JM's Willows, CA Plant
One of JM's flagship North American Formaldehyde-free™ fiber glass building insulation manufacturing plants is located at 5916 County Road 49 in Willows, California 95988, about an hour north of Sacramento on the west side of Interstate 5.

The JM Willows plant has two manufacturing lines utilizing the HERM process. HERM stands for **H**orizontal collection, **E**lectric melt, **R**otary attenuation and **M**odular design. There are two principal differences between HERM and the conventional rotary method used at other plants and those differences are relevant to energy input and air emissions, including greenhouse gas emissions.

The first difference is the glass melting technology. The Willows plant uses high efficiency all-electric melters that feed molten glass directly into the fiberizers; this means that there is no need for a forehearth (a system of natural gas-heated molten glass conveyances). In contrast, the conventional rotary process typically employs a large, gas-fired furnace (some may be electric or gas-fired with electric boost) with large or multiple gas-fired forehearths.

The second difference is that HERM is designed to use pressurized air to attenuate the primary glass fibers to their desired length and diameter. In contrast, conventional rotary uses a natural gas-fired flame to accomplish the required attenuation. Flame attenuation not only increases combustion emissions but also adds more heat to the process, which in turn tends to increase emissions of other pollutants, especially particulate matter (PM). This is reflected by the fact that US EPA recognizes the HERM process controls as sufficient to meet the New Source Performance Standards (NSPS) for Rotary Spin Fiber Glass at 40 CFR Part 60, Subpart PPP, Section 60.680, et seq. PM emissions from a basic unabated HERM line are roughly one-half of the allowed 11 pounds of PM per ton of glass pulled while conventional rotary typically requires multiple abatement devices, including a thermal oxidizer, which itself uses natural gas as fuel. The all-electric melters in the HERM lines are also expressly exempted from the NSPS for Glass Manufacturing Plants at 40 CFR Part 60, Subpart CC, Section 60.290, et seq.

The fact that a HERM line can meet the Subpart PPP NSPS through process design controls also means that a HERM line like the one in Willows does not need energy intensive abatement equipment such as a thermal oxidizer. Thus, much pollution is prevented rather than being treated. The only abatement required for the JM Willows plant is a dusthouse to control PM from the batch and melting operations and a HEAF filtration system to control PM from the curing oven and cooling section.

The JM Willows plant greenhouse gas (GHG) emissions are well below the Section 95812(c)(1) 25,000 tonnes per year threshold for mandatory participation in the AB-32 Cap-and-Trade Program. In fact, the Willows 2009 emissions of 8,200 tonnes are publicly reported on the California Climate Action Registry at https://www.climateregistry.org/CARROT/public/reports.aspx.

JM Comments on Section 95813: Opt-In Covered Entities

In its ***Notice of Public Availability of Modified Text and Availability of Additional Documents***, CARB states that only minor and non-substantive clarifications were made to section 95813 to better organize the section and otherwise clarify who can be an opt-in covered entity; however, further clarifications are necessary to provide better guidance to entities that are considering opting in to the Cap-and-Trade Program.

Subsection (b) states that the Executive Officer shall evaluate opt-in applications and designate approved applicants as opt-in covered entities. This subsection should be clarified that the Executive Officer must approve as an opt-in covered entity any entity that meets the qualification requirements in subsection (a).

Similarly, subsection (d) states that an opt-in covered entity may be eligible to receive freely allocated allowances subject to subarticles 8 and 9 (emphasis added). This subsection should be changed to confirm that any approved opt-in entity shall be eligible to receive freely allocated allowances if the entity has submitted appropriate emissions and production data.

Subsection (f) states that an opt-in covered entity that wishes to opt-out of the Cap and Trade program must apply to the Executive Officer. This subsection should be clarified to confirm that any opt-in entity's request to opt-out must be approved as long as the entity is in compliance with all applicable requirements, including reporting and allowance surrender.

Finally, Section 95813 should be generally clarified to inform candidates on the timing of both opting in and opting out. We suggest that entities submit the opt-in request no later than March 31 of the present year in order to participate in the present year, assuming the Executive Director can expeditiously approve the opt-in request. Similarly, we suggest that entities submit an opt-out application by March 31 of the current year in order to be removed from the program for that year.

Section 95891(b) Product Output-Based Allocation Calculation Methodology.

The true-up calculation in Section 95891(b) should be clarified to ensure that entities are issued sufficient allowances to account for production increases over time. $O_{a\ trueup}$ in the trueup calculation is defined as "the difference between the output reported in data year 't-4' and the output reported in data year 't-2.'" A literal reading of this could require calculation of output in t-4 minus output in t-2. But the trueup should really be t-2 minus t-4; otherwise, if there was higher output in t-2, the entity would not have had enough allowances allocated based on t-4, so the true-up should add allowances. We respectfully request that CARB clarify the trueup calculation and provide for additional comment on clarified language.

If you have any questions, please do not hesitate to contact me.

Bruce D. Ray

Signed

Associate General Counsel