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April 5, 2014

VIA ELECTRONIC SUBMITTAL AT CAPANDTRADE13

Ms. Rajinder Sahota
California Air Resources Board
1001 "I" Street
Sacramento, CA 95812

Subject: Comments On CARB's March 21, 2014 Proposed Amendments Regarding The California Cap-and-Trade Regulation And Refinery Benchmarking

Dear Ms. Sahota:

Lunday-Thagard Company ("LTR") appreciates the opportunity to these submit comments on the California Air Resources Board's ("CARB") proposed amendments released on March 21, 2014 and its associated appendices ("15-day notice").

LTR is a small privately-owned refinery located in Southern California with a processing rate of 10,000 barrels per day. LTR employs over 66 employees, with approximately 55% of our workforce residing within 5 miles of the refinery.

LTR Is Unsatisfied With The Refinery Benchmarking Process And Is Disappointed With The Proposal In The Current 15-Day Notice

LTR is unsatisfied with the process that has occurred during the time leading up to the release of the 15-day notice. From the start of the benchmarking process, LTR has worked with the Staff to present the data and input needed to accept the concept of an atypical benchmark.

We are also disappointed with the decision to abandon the "atypical" benchmark in light of the recommendations rendered by the CARB's *own* consultant–the industry expert in refinery benchmarking. The establishment of two benchmarks is a key policy decision that not only incorporates the recommendations of leading benchmarking experts, but input from affected stakeholders.

LTR has and continues to support two refinery benchmarks (i.e., typical and atypical). To that end, LTR respectfully requests that a vote on the proposed amendments related to refinery benchmarking, be removed from the Board's April 2014 agenda.

A Regulatory Process With More Than 18 Months Of Stakeholder Activity Followed By Two Weeks Of "Closed-Door" Decision Making

Over the past 18 months, LTR has worked with Staff to provide the data and input needed for the development of two benchmarks, and our engagement with Staff was as recent as March 5, 2014, where we again supported an atypical benchmark.

During this time, Staff has consistently presented two benchmarks to the refining industry for review and comment, and there were no indication that Staff was considering to retract its support for an atypical benchmark (even at the March 5, 2014 meeting).

The release of the current 15-day notice is troubling because it presents an abrupt change in the benchmarking process with the removal of the entire atypical refinery benchmark.

This "closed-door" change in the refinery benchmarking proposal, calls the regulatory process into question, especially given the fact, that there were over 18 months of stakeholder activity that preceded the release of the March 21, 2014 notice.

LTR remains puzzled at how the CARB can expend the mental faculty of analyzing data, and engaging stakeholders over an 18 month process, only to completely abandon the *entire* atypical refinery benchmark in two weeks of "closed-door" decision making.

Removal Of The Atypical Refinery Benchmark Runs Counter To The Recommendations Rendered By Industry Experts

In the fundamental sense, an external consultant offers invaluable benefits to their clients due to the deep domain knowledge of their own expertise.

During the benchmarking process the CARB retained the industry expert in refinery benchmarking, Solomon Associates ("Solomon"). Retaining Solomon is a prudent decision because it integrates objectivity, as well as their extensive knowledge of refinery benchmarking, into the regulatory process for California's Cap-and-Trade program.

In August 2013, Solomon testified that atypical refineries have been identified in every benchmarking process that they have participated in around the world. Nevertheless, the current proposal, that eliminates the atypical refinery benchmark, runs *counter* to the testimony of the industry expert in refinery benchmarking, and ultimately calls the entire decision for a single benchmark into question.

Again, LTR remains puzzled at how the CARB can ignore the advice from their *own* consultant–the industry expert in refinery benchmarking–by abandoning the atypical benchmark.

LTR Requests That The Vote On The Proposed Amendments Related to Refinery Benchmarking Be Removed From The April 2014 Board Meeting

Indeed, the decision eliminate the atypical refinery benchmark runs counter to the recommendations rendered by leading benchmarking experts retained by the CARB, as well as previous requests for transparency from the affected stakeholders.

Given our comments, LTR respectfully requests that a vote on the proposed amendments related to refinery benchmarking, be removed from the Board's April 2014 agenda.

The impacts from these "closed-door" decisions are far too large for small independent refineries to bear. As a result, it is important that the CARB fully understand the issues from those affected, by the unexpected, and poorly deduced decision, to propose a single refinery benchmark.

Thank you again, for the opportunity to submit these comments. If you have any questions or need additional information, please feel free to contact me.

Sincerely,

LUNDAY-THAGARD COMPANY

/s/

Grant T. Aguinaldo
Environmental Manager