



Western States Petroleum Association
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Catherine H. Reheis-Boyd
President

VIA ELECTRONIC MAIL

April 17, 2012

Ms. Edie Chang
Assistant Division Chief
Stationary Sources Division, AB 32 Implementation
Air Resources Board
1101 "T" Street
Sacramento, CA 95814

Subject: COMMENTS ON PROPOSED AMENDMENTS TO THE AB 32 COST OF IMPLEMENTATION FEE REGULATION

Dear Ms. Chang:

The Western States Petroleum Association (WSPA) is a non-profit trade association representing twenty-six companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California, Arizona, Nevada, Oregon, Washington and Hawaii.

WSPA members have been intensively following all the proposed regulations governing the AB 32 Implementation Program, including the AB 32 Fee Regulation. As major fee payers, our members have a keen interest in ensuring the fee regulation is fair, equitable, and as streamlined as possible. The following comments and suggested amendments are in furtherance of these goals.

April 10th Deadline

We are concerned that a number of AB 32 actions by fee payers revolve around April 10 – MRR reports are due April 10 as are the AB 32 administrative fee reports. The information required to be reported for the AB32 administrative fee is similar yet different from the MRR report.

Requiring the reports at the same time can tend to overwhelm our members who must ensure these actions are completed on time. Of course these actions are in addition to a federal reporting requirement that is due in the same timeframe. We urge ARB to amend the proposed regulation to make the deadline for AB 32 fee reports on April 30, not April 10.

Since this revised regulation is still not effective, the amendments should make clear that the deadline for the 2011 report (based on 2010 data) is June 30, 2012 not April 10, 2012.

Ethanol Obligations

We note that under the fee regulation, utilities do not pay for power generated by non-fossil fuel. However refiners must pay for fees for total gasoline – the CARBOB plus (+) the ethanol. The cap and trade regulation exempts ethanol from compliance obligations; however the AB 32 fee regulation does not provide comparable standing that it gives to renewable power for electricity fees. WSPA urges that the formula Q_g for use in section 95203(b), section 95203(f), section 95203(j), and section 95203(m), Title 17, California Code of Regulations be modified to read:

*Statewide quantity of gasoline supplied during the reporting period. This is the volumetric sum of California gasoline produced or imported into California and the amount of finished CARBOB product produced or imported into California. The finished CARBOB product is calculated as the volume sum of the CARBOB plus the maximum amount of oxygenate designated for each volume of CARBOB, **unless the oxygenate is ethanol or another low carbon fuel with emissions that are exempt from compliance obligation, under the cap and trade regulation, Section 95852.2.***

Thank you for considering our comments and suggested amendments. Should you have any questions, feel free to contact me at this office or Mike Wang at (626)590-4905 or Mike@wspa.org.

Sincerely,

A handwritten signature in blue ink that reads "Cathy A. Boyd". The signature is fluid and cursive, with the first name "Cathy" being the most prominent.

Cc: Mike Wang/WSPA