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December 19, 2008

Christina Zhang-Tillman  
Air Resources Board  
1001 I Street  
Sacramento, CA 95814

RE: Comments on the December, 2008 draft of The California Low Carbon Fuel Standard (LCFS) Regulations

On the behalf of Chevron, I am pleased to provide comments on the December, 2008 draft of The California Low Carbon Fuel Standard (LCFS) regulations. These comments build on our previous comments that were submitted on November 19, 2008.

Chevron believes that the new language on the LCFS credit rollover cap (Section 95425(c)(1)) is a significant addition to this draft of the regulation. The new language satisfies two important requirements for the LCFS: 1) by neither limiting the amount nor lifetime of credits that can be generated, it serves to encourage regulated parties to seek more carbon intensity reductions early in the program; and 2) by limiting the extent to which regulated parties can rely on credits generated earlier in the program for their compliance later in the program, it prevents such credits from discouraging the development of new technologies. Chevron supports the proposed language as an excellent balance of these competing concerns.

Chevron recognizes the critical role of new technologies in the success of the LCFS. This has shaped some of our previous proposals in the development of the LCFS. The ability to excessively rely on banked credits generated using more conventional technologies for compliance instead of utilizing new fuel technologies would reduce the incentive for the developers of those new technologies to innovate. We believe that the strongest possible market signals should be sent to these innovators.

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On other issues, Chevron generally supports the comments submitted separately by WSPA. In particular, the WSPA comments include what we believe is a useful proposal on the issue of regulated parties, which was an important topic in our previous comments.

I would be happy to discuss this proposal with ARB staff. If you have any questions, please contact me at (760) 731-0361 or [juih@chevron.com](mailto:juih@chevron.com).

Sincerely,

A handwritten signature in black ink, appearing to read "James P. Uihlein". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

James P. Uihlein

cc: Robert Fletcher  
Dean Simeroth  
Steve Brisby  
John Courtis  
Renee Littaua