



**H. Daniel Sinks**  
Fuels Issues Advisor

3900 Kilroy Airport Way Suite 210  
Long Beach, CA. 90806  
Phone 562-290-1521  
e-mail h.daniel.sinks@conocophillips.com

March 11, 2011

Ms Michelle Buffington  
Air Pollution Specialist  
Air Resources Board  
1001 I Street  
Sacramento, CA 95814

*Via electronic submittal to:*

[http://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=lcfsadvpanmembers-  
ws&comm\\_period=1](http://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=lcfsadvpanmembers-<br/>ws&comm_period=1)

Re: **Low Carbon Fuel Standard (LCFS) Advisory Panel - ConocoPhillips Comments**

Dear Michelle,

ConocoPhillips appreciates being selected to serve on the Advisory Panel. We also appreciate the opportunity to provide comments and our list of what we consider to be the top priorities for panel discussion and review. As a regulated party under the regulation we have two (2) main areas of concern (described below) which are covered by some of the 13 review elements outlined in the regulation.

**Differentiation in the Treatment of Crude Oil**

Our recommendation is that the Panel should evaluate the current policy of differentiation between crude oils refined in California. In this area, not only do we feel that the regulations are incomplete, lack clarity, and are deficient in providing clear compliance mechanisms, we believe that the regulation as written may discriminate against California refiners and fuel producers. It is not clear in the regulation whether or not a crude oil deemed to be "high carbon" would carry a penalty if refined outside of California and intermediates, blendstocks or products from that crude were imported into the state. If on the other hand a penalty is incurred, it is unclear how CARB would be able to track and enforce it.

Crude differentiation also leads to crude "shuffling" which actually increases green house gas emissions because of additional transportation. In addition, crude "shuffling" leads to inefficiencies in the refining system which would seem to result in higher costs to consumers.

Addressing the crude oil differentiation issue in the Advisory Panel is directly related to review element numbers 7, 8, 11, and 12 (LCFS impacts on fuel supplies, state's consumers, hurdles and barriers, and supply issues).

## Feasibility and Cost Effectiveness of Fuel and Vehicle Technologies to Meet the Standard

Our recommendation is to further review and discuss within the Advisory Panel context the availability of advanced biofuels and vehicle technologies and their cost effectiveness. As you are aware, the EPA has reduced their requirement under the federal RFS2 program regarding mandated volumes of cellulosic ethanol because the technology and fuels simply are not available. Another critical issue regarding availability of alternative fuels is the infrastructure needed to deliver those fuels. The combination of these factors leads one to question the feasibility of the LCFS program and the uncertainties it creates for not only the regulated parties but, for the consumers of transportation fuels in California.

Addressing the availability, cost effectiveness and infrastructure in the Advisory Panel is directly related to multiple review elements (numbers 1, 2, 4, 5, 6, 7, 8, 11, and 12).

At the February kick off meeting, staff presented a proposed schedule for addressing the 13 review elements. We recommend that items 2, 4 and 8 be addressed at either the April or June meeting and not be delayed until August. Delaying consideration of these critical issues disallows thorough review and creates continued uncertainty for the regulated community.

Please feel free to contact me if you have questions regarding our comments.

Sincerely,

**<H. Daniel Sinks>**