



Western States Petroleum Association
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Catherine H. Reheis-Boyd
President

March 8, 2011

CARB LCFS Advisory Panel portal - **lcsadvpanmembers-ws**

Re. Western States Petroleum Association's (WSPA's) Top Priorities for the 2011 LCFS Advisory Panel

Overall comments:

- The first Advisory Panel meeting appeared to be more of an implementation workshop than a high level Advisory Panel discussion of significant issues. We believe Mary Nichols clearly stated in her introductory comments that the Panel should address the major Board level issues rather than detailed implementation issues. We encourage ARB to arrange for multi-stakeholder implementation workshops – separate from the Advisory Panel meetings.
- The April meeting agenda Topic 5, seems to be inappropriately placed. We recommend it be included with the June meeting agenda or after the June meeting – depending on available time. We do not believe it is appropriate to discuss possible incentives for low carbon fuels when, for example, the discussion has not yet occurred by the Panel on the status of low carbon fuel development.

List of WSPA's Top Issues for the Advisory Panel

Note: Numbers in parentheses next to each topic relate to the review scope areas identified in Section 95489(a) of the regulation.

- **Treatment of HCICO (#7, 8, 11, 12)**
 - WSPA believes that ARB's current policy decision on differentiation between carbon intensities of crude oils is not only unworkable, but leads to a potential increase in global GHG emissions as crude oils are likely transported greater distances to market. The policy can also lead to negative market and consumer impacts. We also believe this approach can have unintended consequences regarding the availability and supply of crude oil from countries friendly to the U.S.
 - Recommend ARB not differentiate between crude oils.
 - ARB should conduct an analysis of the potential consequences of a crude oil differentiation approach. WSPA has a contractor conducting a study and we propose a presentation of these results at a Panel meeting.

- **Feasibility of LCFS Program within Timeframe Provided and Linkage with Vehicle Programs** (#1, 2, 4, 5, 6, 7, 8, 11, 12)
 - WSPA believes ARB's current compliance schedule needs to be reviewed and potentially revised, based on the projected availability of low carbon fuels in sufficient volumes and the projected availability and plans of the vehicle manufacturers.
 - Recommend ARB conduct a thorough study, with the assistance of the California Energy Commission (CEC), to determine realistic expectations for the near-term and long-term fuels market, and for the near-term and long-term vehicles market.
 - ARB and CEC need to conduct the above-recommended study and adjust the LCFS program to reflect the expected reality now, rather than waiting until it has been determined that there are problems with the amount and types of available fuels and vehicles. This needs to include new DOE/EIA data.

- **Economic Impact Analysis** (#2, 4, 5, 6, 7, 8, 11, 12)
 - WSPA believes the 2008-9 economic impact analysis is overly optimistic based on the inputs and assumptions provided.
 - Recommend ARB conduct a new economic analysis to incorporate more realistic and current economic information and assumptions.
 - A thorough analysis, done by an independent contractor and with input from many sources, is needed to update the input data and include more realistic and current inputs and assumptions.

- **Development of Interim Program Deferral Mechanism** (#1, 2, 4, 5, 6, 7, 8, 11, 12)
 - Recommend the development of a mechanism that would allow changes to various elements of the LCFS program, based on certain criteria being met that reflect an inability of the regulated parties to comply.
 - There needs to be a recognition that there might be certain circumstances, that are market-wide in nature, that arise in-between the Advisory Panel efforts, which create significant compliance problems for regulated parties. The recommended mechanism would trigger upon certain criteria being met and would temporarily change certain aspects of the LCFS program to allow for compliance.

Sincerely,

A handwritten signature in blue ink that reads "Cathie A. Boyd". The signature is fluid and cursive, with the first name "Cathie" and last name "Boyd" clearly legible.