



California Clean Energy Fund

Priorities for the California Low Carbon Fuel Standard Advisory Panel
March 2011

The Air Resources Board is tasked with addressing multiple important issues in the further implementation of the LCFS.

In my professional judgment there are several essential components of that implementation process that require increased attention, specifically relating to the *advancement of robust market activities that will contribute to, if not determine, the ultimate success of the program.*

I will offer three categorical priorities in this regard, which will require more detailed exposition before a Panel-level work plan can be constructed to address them:

- 1) *Credit Market Activities*: How is the LCFS engaging with and shaping the future development of credit markets? What additional ARB implementation efforts should be considered in order to support the deepening of this market?
- 2) *Contracts and Offtake Agreements*: How is the LCFS influencing, or is poised to influence, the development of long-term offtake agreement for low-carbon fuels, such that robust financing arrangements can be structured to help California meet its LCFS goals?
- 3) *Production Capacity Development*: How will, over time, the design of the LCFS program influence the construction of new production capacity, and what policy design components should be emphasized to encourage this timely result?

The above programmatic recommendations are consistent with the mandatory LCFS regulation review:

- (1) The LCFS program's progress against LCFS targets;
- (2) Adjustments to the compliance schedule, if needed;
- (4) Advances in fuels and production technologies, including the feasibility and cost-effectiveness of such advances;
- (6) An assessment of supply availabilities and the rates of commercialization of fuels and vehicles;
- (11) Identification of hurdles or barriers (e.g., permitting issues, infrastructure adequacy, research funds) and recommendations for addressing such hurdles or barriers;
- (12) Significant economic issues; fuel adequacy, reliability, and supply issues; and environmental issues that have arisen.