

PROPOSED REGULATION ON THE COMMERCIALIZATION OF ALTERNATIVE DIESEL FUELS

Hearing 2 of 2

Industrial Strategies Division
Oil and Gas and GHG Mitigation Branch

September 24-25, 2015
Sacramento, CA

California Environmental Protection Agency
 **Air Resources Board**

Overview:

- Background and Current Status
- Environmental Analysis
- Actions since February Board Hearing
- Remaining Board Process



Need for ADF Regulation

- State and federal programs incentivize ADFs in California
- Provides a clear regulatory framework for new ADFs in California
- Ensures ADFs are commercialized in a manner that protects environment and health



Regulation Development Process

- Thirteen public meetings to discuss test procedures
- Seven public ADF regulation development workshops
- Meetings involved affected industry representatives, academia and others
- Presented to Board in February 2015; resolution 15-5 approved
- Multimedia Evaluation/ Scientific Peer Review Completed

What are Alternative Diesel Fuels?

- Not a liquid hydrocarbon
- No existing ARB fuel specification
- Definition from the ADF Regulation

'...Any fuel used in a compression ignition engine that is not petroleum-based, does not consist solely of hydrocarbons...'
- Examples of ADFs - Biodiesel, Dimethyl Ether



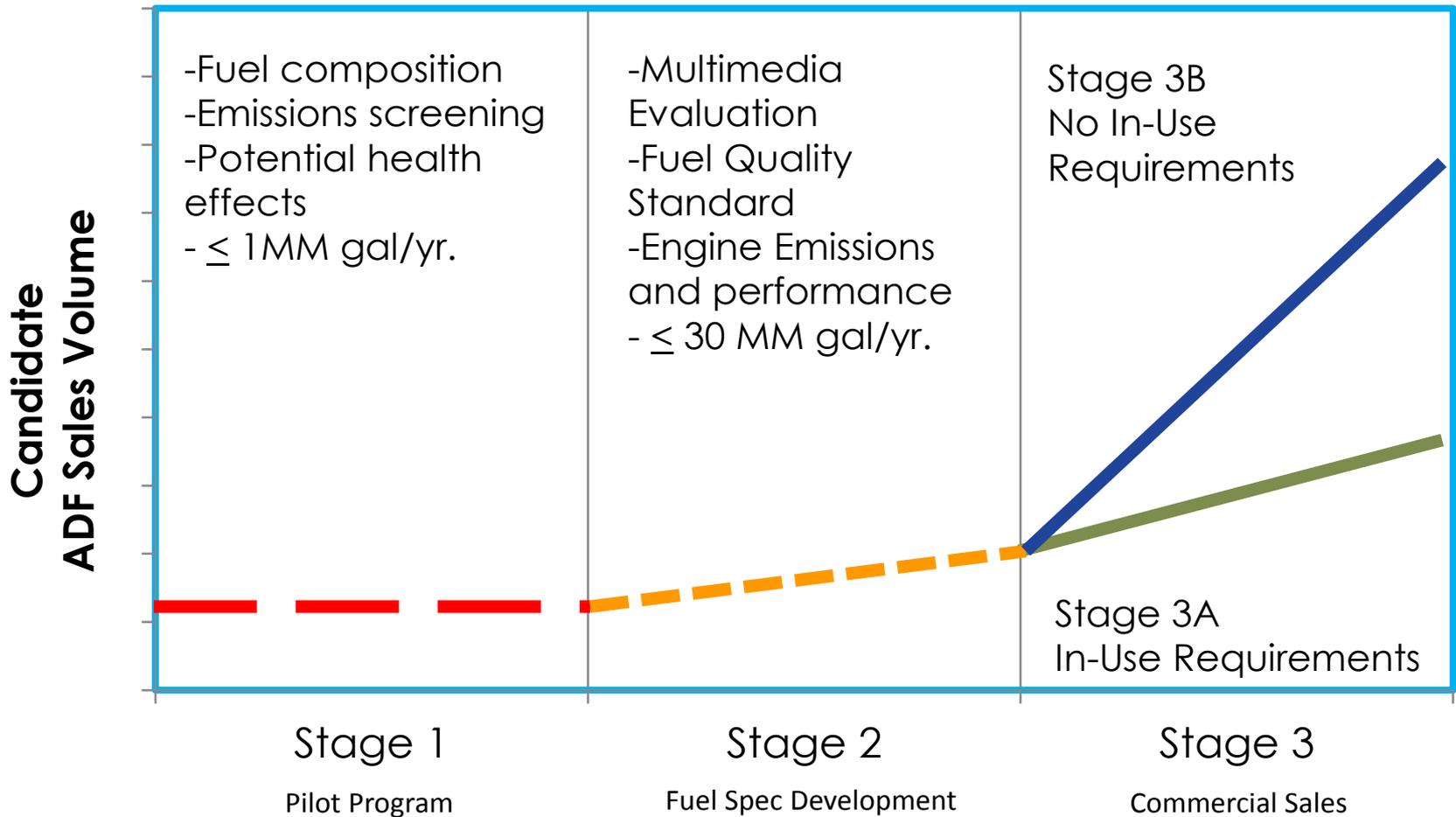
Components of ADF Regulation

Two main provisions of the ADF Regulation:

1. Three-stage evaluation process for all new ADFs
2. In-use requirements for Biodiesel, to control NO_x emissions



Three-Stage Process



Biodiesel: In-Use Requirements

- Biodiesel is first ADF, Stage 3A fuel
- In-use requirements reduce NOx, maintain important GHG and criteria benefits of biodiesel
- Reporting begins in 2016; In-use requirements begin in 2018
- Program review before 2020; Sunset of in-use requirements
- Main compliance: blending biodiesel at B5 or less
- Blend limits change based on season, feedstock
- Exemptions for NTDE and light/medium duty fleets

Environmental Analysis

- Combined CEQA analysis for both ADF and LCFS regulations
- Baseline: 2014 environmental conditions
- 45- Day Public Review: January 2 - February 17, 2015
- Final EA prepared for Board action

Environmental Analysis Summary

- Beneficial Impacts: GHGs, air quality, and energy
- Less-than-significant impacts
- Potentially significant adverse impacts:
 - Most related to construction of new facilities, and shorter duration
 - Some related to long-term changes in fuel production and supply

Actions Since the February Board Hearing

- Resolution 15-5 approved at the Board Hearing
- Staff released a 15-day change package
- Completed responses to all comments received
- Multimedia Evaluation and Scientific Peer Review for biodiesel and renewable diesel



15-Day Changes (May 22, 2015)

- Primarily editorial and clarifying changes
- Limited Producer/Importer Exemption
 - Use of exempted fuel prohibited in older HD vehicles in the South Coast or San Joaquin Air Basins
 - Limited exemption does not change EA conclusion of no increase in NOx from current levels
- Re-organized and Clarified Reporting and Recordkeeping Requirements



Remaining Board Process

- Review written and oral comments received today
- Present a summary of and responses to comments at tomorrow's board hearing

