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Jon Costantino and Jeannie Blakeslee
Office of Climate Change
California Environmental Protection Agency - Air Resources Board
1001 I Street, PO Box 2815
Sacramento, CA 95812

RE: General comments regarding AB32 Administrative Fee Proposed Regulation

Air Products offers the following comments and recommendations regarding the proposed AB32 Administrative Fee regulation. We appreciate the opportunity for continued dialog on this important component of greenhouse gas emission management in California.

Fees Should be Based on a Broad Scope of Emission Sources

The proposed rule limits the sources of emissions used as the basis for the fee determination to CO₂ emissions from the combustion of just four fuels (gasoline, diesel, coal and natural gas) and the CO₂ process emissions from just two industrial processes. In order for the fee to be fairly assessed, it should cover emissions of all regulated greenhouse gases from all regulated sources. At a minimum, this should include all sources covered under the existing Mandatory GHG Reporting rule. Additional GHG sources can be added, such as an upstream fee applied to transportation fuels (all transportation fuels, including fuels for aircraft and shipping).

Single Set of Reporting Methods

The proposed rule creates a new reporting burden for some entities all ready required to calculate and report their CO₂ emissions under the existing Mandatory Reporting Rule (Title 17, CCR §95100 *et seq.*). Air Products recommends CARB maximize the use of the existing reporting processes and data, including reporting in consistent reporting units (e.g. volume of natural gas consumption versus therms). Only add reporting requirements to expand the scope of the reporting entities beyond those already subject to mandatory reporting (e.g. upstream fees apply only to those consumers that are not covered by mandatory reporting).

Clarify Reporting Responsibility

The rule is unclear which the reporting entity is when refinery fuel/feedstock streams are consumed off-site by a third party (e.g. export of refinery fuel gas). Similarly, it is unclear what entity will report the emissions associated with off-site consumption of petcoke as a fuel or feedstock.

Subject All Feedstocks to Comparable Fee Impact

Air Products recommends CARB clarify that the purposeful vaporization of liquid finished products for the purpose of being used as a refinery process feedstock or fuel is also considered “Refinery Fuel Gas” or “still gas”, per §95202(a)(65). The proposed rules assume all process emissions from refining operations are the result of consumption of coke, refinery gas, naphtha or LP gas. In reality, other materials, such as excess finished product, can and is used as feedstocks (resulting in process emissions) and fuels for refinery operations (e.g. vaporized liquid butane for hydrogen production feedstock).

Imported Electricity

AB32 requires regulation of emissions associated with imported electricity. The proposed fee rule does not apply a fee to such imported power, inconsistent with the need to properly share the regulatory fee burden required to administer the full scope of the regulatory program.

If you have any questions or need additional information to support Air Products position on these matters, please contact me by phone (610-909-7313) or email (adamskb@airproducts.com). Thank you for your careful consideration of our concerns.

Respectfully,



Keith Adams, P.E.
Environmental Manager – Capital Project Permitting and Climate Change Programs

c: Jeff Lockett, Peter Snyder and Steve Crowley – Air Products