



California Independent Oil Marketers Association
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February 4, 2010

Mr. Lex Mitchell
CARB
Air Pollution Specialist
Delivered via email: amitchel@arb.ca.gov

Subject: Biodiesel and Renewable Diesel Rulemaking

Dear Mr. Mitchell:

I am writing on behalf of the California Independent Oil Marketers Association (CIOMA). Our members distribute petroleum and alternative fuels in California and we are deeply concerned with the direction and nature of the biodiesel and renewable diesel rulemaking for the following reasons:

1. The justification for this rulemaking was so poorly presented that we are not convinced that there is any need for this regulation.
2. We believe this regulation may severely limit or eliminate our small business membership from the biodiesel blending aspect of alternative fuels – a currently attractive business option to our members. This will likely add another nail in the coffin for small independent marketers and the value, and competition, they bring to the fuels market.
3. The regulation relies on either an additive (more on that later) or a product, “renewable diesel” that is either non-existent or very difficult to obtain in the fuels market. No cost for either of these materials was presented at the workshop.
4. We request a full evaluation of the economic impact of this regulation on our small business marketers. The cost of this regulation needs to be combined with other CARB requirements (On Road Diesel Truck regulation; EVR/ISD regulation; Low Carbon Fuel Standard, and others) to determine what impact CARB is having on our class of business, and its survival.
5. The additive, Dertiarybutylperoxide (DTBP), has not been subjected to multi-media analysis. One would think CARB would have learned a lesson with MTBE. Apparently you have not.
6. You suggest a possibility of using a predictive model for obtaining compliance. This will certainly drive small independent marketers out of the blending practice.
7. CARB has adopted an aggressive diesel engine retrofit program, yet none of the fuel blends are being tested on the new, mandated engines. Nor has an analysis been performed to determine if this regulation is needed due to the introduction of less polluting engines.
8. Biodiesel is *the one path* to lower carbon fuels that has the least amount of problems, costs and energy commitment regarding distribution, marketing and engine compliance. Yet it seems that CARB is gung-ho to throw major obstacles in the path of this fuel option. It mystifies us.

You have a lot of homework to do. Until such time that the above issues (and others that may arise) are addressed, we are adamantly opposed to this regulation.

CIOMA represents independent marketers who purchase gasoline and other petroleum products from refiners and sell or distribute the products to independent gasoline retailers, businesses, and government agencies, as well as representing branded "jobbers" who supply branded retail outlets, especially in rural areas. Our members are primarily small, family owned businesses who encounter unique difficulties in meeting California's complex and increasingly expensive regulatory burdens. We represent approximately 400 members, about half of whom are actively engaged in the marketing and distribution of petroleum products and fuels.

Sincerely

A handwritten signature in black ink, appearing to read "Jay McKeeman". The signature is fluid and cursive, with a large initial "J" and "M".

Jay McKeeman, Vice President, Government Relations & Communications

Cc: James Goldstene, Executive Director, CARB
Dean Simeroth, Chief Criteria Pollutants Branch
CIOMA Board of Directors