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RE: Comments of the Center for Sustainable Energy on the proposed Alternative Diesel Fuel regulation

November 12th, 2014

Dear Mr. Mitchell,

The Center for Sustainable Energy (CSE) appreciates the opportunity to provide these comments regarding the proposed Alternative Diesel Fuel (ADF) regulation presented on October 20th, 2014 at the Air Resources Board (ARB). It is CSE's non-profit mission to accelerate the transition to a sustainable world powered by clean energy. This includes the diversification of transportation fuel types, including the biodiesel sector, which support the state's goals as outlined in the Low Carbon Fuel Standard, and statewide Greenhouse Gas (GHG) reduction strategies.

The proposed restriction to use only B5 or B10 biodiesel (instead of B20) unnecessarily impedes biofuel producers. It is a major threat to the biodiesel industry and would negatively affect the ability of fleets to use biodiesel as a GHG reduction tool.

To address this issue:

- I). CSE urges ARB to consider establishing B20 as the significance threshold, rather than B5 and B10, and

- II). Urges the ARB to consider that any program modification should also permit a phase in period of at least 3 years to support biodiesel producers to adjust to any program modifications.

I). B20 provides an ideal blend level to support the state's GHG reduction strategies. It is recognized that using B20 (compared to petroleum diesel) reduces carbon dioxide emissions by 15%, particulate matter emissions by 10%, carbon monoxide by 11%, and unburned hydrocarbon by 21%¹. In addition, B20 has been shown to have a self-mitigating emission profile due to the 50 percent or greater decreases in all other pollutants needed for ozone formation (in both particulate matter and hydrocarbons). This has been demonstrated in previous studies presented to the ARB.

From the consumer perspective, B20 tends to be the preferred blend for biodiesel users, in the San Diego (and other) regions. The San Diego Unified School District has adopted B20 in part due to its lower pollutants and contributions to student health, and B20 is the blend used by San Diego Gas & Electric in order for the utility to achieve its federal Energy Policy Act (EPA Act) Compliance obligations.

As result, CSE contends that the ideal to set B20 as the significance level that is best blend aligned with achieving the state's expansive GHG reduction and environmental strategies (while meeting EPA Act Compliance), and CSE strongly urges that the B20 significance threshold be adopted as the standard.

II). Any program modification should be supported by a three-year phase-in period. Generally- speaking, the biodiesel industry is geared to provide B20 to its customer base. The state does not have current capacity to build out B5 and B10 infrastructure in a cost-effective manner, thus any change will require a compliance

¹ Alternative Fuels Data Center; Biodiesel Benefits and Considerations; Website Access:
http://www.afdc.energy.gov/fuels/biodiesel_benefits.html

period and additional resources. That is, B5 and B10 rollout is considered more difficult and expensive than B20, and the Energy Commission has tended to support the development of B20 biodiesel infrastructure as the standard. This program modification will be costly, and require time to meet any new standards.

In this case, CSE strongly supports a phase in period of at least 3 years to help encourage B5 and B10 biodiesel infrastructure development, and encourages ARB to consider adopting a phase-in period. This three year timeframe is warranted to allow for fuel producers to adjust their business plans and practices to any new changes.

In closing, CSE appreciates the opportunity to provide these comments on the proposed Alternative Diesel Fuel regulation. This seemingly minor adjustment in fact has a much larger impact than is presumably intended, and establishes an unnecessary barrier to the biodiesel industry, which has already faced many challenges.

Please consider setting B20 as the significance threshold, and in the case that B5/B10 thresholds are adopted, please consider allowing for ample time for biodiesel producers to modify existing practices, which are currently constructed around delivering B20 to the customer.

Respectfully Submitted,



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