



BP America, Inc

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Via Email

Mike Waugh
California Air Resources Board
1001 I Street, Sacramento, CA 95814

Re: BP America Comments on the Timing of the Application of Pending Revisions to CA-GREET and Indirect Land Use Change

Dear Mike:

BP appreciates the opportunity to submit comments on the contemplated amendments to the LCFS regulations regarding CA-GREET 2.0 and Indirect Land Use Change. These revisions have been discussed both at recent workshops and in our conversations with staff - as the changes impact a method 2A application that BP submitted earlier this year.

As you are aware, though BP has concerns with the LCFS, we continue to invest in good faith, both to comply with the regulation and as part of our commitment and contribution to a lower carbon transportation sector. These investments include a material business in Brazil to produce efficient, low carbon sugar cane ethanol. Our three sugarcane ethanol mills in Brazil have combined crushing capacity of 10 million tonnes of sugarcane and we are working towards expanding this business further (we recently completed a project to double the capacity of our Tropical mill). Since acquisition, BP has implemented a number of technologies and measures that reduced steam use within the process and improved electricity efficiency of cogeneration. We have also implemented a number of upgrades and installed new-cogeneration capacity at one of the mills. BP supports a sustainable approach to biofuels. We are an active member of Bonsucro – the Better Sugarcane Initiative, and our Tropical mill is already certified under the Bonsucro standard as well as the SA8000 standard for social accountability. We are working to extend certification across our other mills.

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BP submitted a LCFS method 2a pathway application for these Brazilian sugar cane ethanol plants in May of this year. Staff has obviously been busy working on the large number of LCFS revisions but has been generous with their time in helping us to work through the many issues around the application. As you might imagine, we are anxious to have our pathway application approved in a timely manner so that the higher efficiency of these plants can be recognized.

In addition to the normal complexities of the 2a process, the approval process has been slowed by the pending adoption of CA-GREET 2.0 and the revisions in ILUC factors. We understand that the science of lifecycle analysis continues to evolve and we want to incorporate the latest science into our application. However, in our most recent discussions with staff, we have been made aware of what we see as troubling inconsistencies in the planned timing of the application of various parts of the pending regulatory revisions. In short, it appears to be CARB's position that the GREET 2.0 revised CIs (which are generally higher for Brazilian cane ethanol) should be modeled into all new pathway applications immediately, while the pending ILUC revisions (which are generally lower) cannot be used until the effective date of the regulation (approximately 1/1/16).

It is also our understanding, based on a presentation at the 12/17 workshop, that because our application was submitted prior to 12/1/14, another option would be for us to utilize GREET 1.8, with certain revisions already implemented in GREET 2.0, for our pending application until one year after the adoption of the revised regulation – at which time we would also adopt the new ILUC factors. This option is sub-optimal for us not only because it will require us to have our application submitted and approved twice, but also because it will put us at a disadvantage with applicants who were allowed to use GREET 1.8 without revisions. This option also increases staff workload by having to evaluate 2a applications multiple times.

As staff seem willing to allow regulated parties to adopt the most recent science in method 2a application immediately (ie GREET 2.0), it seems only fair and consistent to also allow use of the newest ILUC values at the same time – i.e. immediately. This not only makes the application of the regulatory revisions fair and consistent, but also reduces the potential for a large increase in staff workload as applications are submitted now – and then revised after the regulation becomes effective.

We are happy to discuss these comments with you in more detail and look forward to a robust stakeholder process on the overall LCFS revisions.

Sincerely,

Ralph J. Moran
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