October 16, 2014

Katrina Sideco
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

RE: Low Carbon Intensity Fuel Availability

Dear Ms. Sideco:

The California Biodiesel Alliance (CBA) is pleased to submit these comments on the availability of biodiesel for the California market. CBA is California's biodiesel industry trade association, representing over 50 businesses and stakeholders including all of the state's biodiesel producers. We recognize that fuel availability is an important issue under consideration by the Air Resources Board given its likely impact on the determination of the carbon intensity compliance curve under the Low Carbon Fuel Standard (LCFS).

As stated in your agency's presentation for the September 25th Fuel Availability workshop, the volumes of U.S. biodiesel are more than adequate to fulfill California market demands through 2020 and beyond. Recent statements by the National Biodiesel Board cite that U.S. production has grown from slightly over 1 billion gallons in 2012 to almost 2 billion gallons in 2013.

Importantly, biodiesel production in California is poised for significant growth. The attached survey of CBA members, entitled *2013 CBA Production Projection Survey Results,* shows that with a scenario of government policy and economic factors at a medium level of desirability, including the LCFS, instate production could reach 71.0 million gallons in 2015 and up to 188.6 million gallons by 2020.

The LCFS has sent a strong market signal that there is a reliable demand for low carbon fuels in California. In addition, the carbon intensity structure of the LCFS program has provided a premium value based on the precise carbon intensity of the particular fuel. This has incentivized producers to find ways to more efficiently produce fuel regardless of the type of low carbon fuel produced.

Thank you for this opportunity to reiterate our support for a strong LCFS. We appreciate the leadership that California has shown in creating, administering, and safeguarding the program.

Sincerely,

Curtis Wright
Chairman
California Biodiesel Alliance

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California Biodiesel Alliance Survey Results 07/15/2013

Projection Factors for Biodiesel Production in CA

This is a compilation of factors submitted by CBA members for describing the conditions for low, medium and high projections for total biodiesel production in CA, not just for their individual plants. They were asked to rate each factor from 1 (not significant) to 10 (very significant) as the degree of influence each factor has on that particular Scenario. For instance, if a factor has no influence on the Low Scenario for biodiesel production it would be rated 1. If a factor has a very significant influence on the Low Scenario it would be rated 10. All of the factors can be rated the same, or they can all be rated differently. The Color Key is used to indicate 25% cohorts within each Scenario. Russell Teall, CBA President, 805-689-9008.

Key	Low Scenario		Medium Scenario		High Scenario	
	Rating	Factor	Rating	Factor	Rating	Factor
75% - 100%	7.33	No LCFS.	7.00	RFS volume increases to 1.5 billion gallons.	9.00	Abundant plentiful feedstocks with low carbon ratings become a reality in the CA market, or algae becomes realistic.
	7.33	Feedstock prices and availability become outrageous.	6.50	Feedstock prices rise as historically indicated.	8.33	RFS volume increases to 2.5 billion gallons.
	7.00	Feedstock prices are high and the price of biodiesel is low, with small, inconsistent profit margins.	6.50	State taxes reduced for biodiesel blends.	8.17	LCFS in place as currently written, or modified and strengthened.
	7.00	RINs are low and inconsistent.	6.00	RINs are moderate and somewhat consistent.	8.00	Unforeseen events drive the price of diesel fuel through the roof.
	6.83	$1 Federal Tax Credit disappears.	5.83	LCFS modified and weakened somewhat.	7.67	Feedstocks are plentiful and reasonably priced, biodiesel prices are strong, with good, consistent profit margins.
	6.50	RFS volume remains at 1.28 billion gallons.	5.67	$1 Federal Tax Credit is on-again / off-again.	7.67	State taxes eliminated for biodiesel blends.
50% - 75%	6.50	Diesel fuel values drop precipitously.	5.50	Feedstock and biodiesel prices are moderate, with moderate profit margins.	7.50	$1 Federal Tax Credit is in place every year.
	6.50	Expensive and burdensome NOx Mitigation is required.	5.50	Moderate market signal sent by government policies.	7.50	RINs are consistent & strong.
	6.17	Feedstock supplies remain constant.	5.33	Some funding is available through grants for low ILUC feedstock expansion of up to $20,000,000 per year.	6.83	All diesel vehicles in CA must use B(X).
	6.17	Weak and inconsistent market signal sent by government policies.	5.33	Diesel values move as anticipated.	6.83	Low interest loans, loan guarantees and grants are available for for new and expanded plants for up to $100,000,000 per year.
	5.83	Funding for new & expanded plants is limited.	5.17	Some funding is available through grants new & expanded plants of up to $20,000,000 per year.	6.67	Strong and consistent market signal sent by government policies.
25% - 50%	5.67	A significant amount of biodiesel comes into CA market with lower prices and carbon intensity than CA bodiesel.	5.00	All state and local government diesel vehicles must use B(X).	6.50	Low interest loans, loan guarantees and grants are available for low ILUC feedstock for up to $100,000,000 per year.
	5.50	A significant amount of renewable diesel comes into the CA market with lower prices and carbon intensity.	4.67	Reasonable and inexpensive NOx mitigation is required.	6.50	Crude oil rises above $100 per barrel.
	5.50	Palm oil receives a fuel pathway in both RFS and LCFS.	4.50	Some renewable diesel comes into the CA market at the same price and carbon intensity as biodiesel.	5.33	Palm is shunned again after this year when the dollar credit disappears again.
	5.00	Crude oil drops below $70 per barrel.	4.50	Some biodiesel comes into the CA market at the same price and carbon intensity as CA biodiesel.	5.00	NOx is de minimis and no mitigation is required.
	4.67	The economy is stagnant.	4.17	Crude oil remains between $70 and $100 per barrel..	4.67	Some biodiesel comes into the CA market at the same price but with a higher carbon intensity than CA biodiesel.
0% - 25%	4.33	Natural gas continues to be available at historically low prices and heavy duty diesel truck switch to NG.	4.17	Palm continues to be imported due to the dollar credit but disappears into low value applications such as bunker fuel.	4.50	The economy expands at a consistent and moderate rate.
	3.50	No biodiesel blend requirement.	4.00	The economy sustains low growth.	4.17	Biodiesel trade organizations grow strong and become cohesive and influential.
	3.33	Distribution infrastructure remains the same.	3.17	Biodiesel trade organizations grow and become moderately more effective.	3.83	Some renewable diesel comes into the CA market at the same price but with a higher carbon intensity than biodiesel.
	3.33	No state biodiesel tax incentives.	2.83	Natural gas prices increase to slightly below biodiesel and the change over of heavy duty truck to NG is moderate.	3.17	Low interest loans, loan guarantees and grants are available for distribution infrastructure for up to $100,000,000 per year.
	3.17	Biodiesel trade organizations remain constant or decrease slightly.	2.17	Some funding is available through grants for distribution infrastructure of up to $20,000,000 per year.	2.67	Natural gas is the same price as biodiesel, but has a higher CI and is not widely adopted by heavy duty trucks.

Projected Volume of Biodiesel Production in CA in Million of Gallons

Instruction given to survey participants: Based upon your rating of the factors on the previous page for low, medium and high scenarios, how many millions of gallons of total CA biodiesel production (all production, not just your company) do you project for each year?

Scenario	Year							
	2013	2014	2015	2016	2017	2018	2019	2020
Low	18.8	21.8	25.7	29.2	32.5	35.7	39.0	43.1
Medium	26.9	47.0	71.0	95.9	117.4	136.0	158.7	188.6
High	34.6	65.8	105.8	150.0	195.8	245.8	299.2	362.5