

4675 MacArthur Court, Suite 800  
Newport Beach, California 92660 USA  
949 437.1000 fax 949 724.1397

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Chairman Binder 07-25-2014  
EO Binder  
SA and WB

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July 21, 2014

Chairman Mary D. Nichols, Members of the Air Resources Board  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

Re: **14-6-8: Update to the Board on the Proposed Adoption of the Low Carbon Fuel Standard.**

Dear Chairman Nichols and Members of the Board,

Clean Energy and Clean Energy Renewable Fuels applaud the Air Resources Board's continued work to implement and improve upon the Low Carbon Fuel Standard (LCFS). As a direct result of the LCFS, California is leading the world in establishing commercially-viable fuel options such as renewable natural gas that will contribute to lower greenhouse gas (GHG) emissions from the transportation sector.

Importantly, the LCFS is already driving tangible and valuable business activities in California. For instance, Clean Energy is investing in infrastructure to expand retail availability of the low carbon-intensity (CI) natural gas to our customers throughout the state. Meanwhile, California is the focus both for efforts to pioneer additional low to ultra-low CI fuel options and for investments to reduce the CI of conventional fuels such as petroleum and ethanol.

As the Air Resources Board (ARB) moves toward the re-adoption of the LCFS later this year, it is crucial that the program be strengthened in ways that will increase and accelerate private sector investment activities. To that end, we strongly recommend that the following three actions be part of the re-adoption of the LCFS.

1. The ARB should maintain strong compliance curves through 2020 and establish stronger compliance curves to continue progress beyond 2020. Compliance curves will determine the scale of the market opportunity, and therefore, the level of private sector interest in expanding the availability of low CI fuels. That, in turn, will be the foundation for investment in infrastructure and in innovative production strategies in California.
2. The ARB should adopt transparent and predictable market rules to ensure that temporary challenges in the supply of low CI fuels or LCFS credits will not disrupt the market for either. Adoption of a Credit Clearance Market will protect markets

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in the event of a lack of liquidity in supply of either low CI fuels or LCFS credits. A price floor will sustain investor confidence in the event of temporary excess liquidity in the supply of either. These steps will solidify investor confidence in the LCFS market opportunity.

3. The ARB should clearly allow producers that file new pathway applications to generate credits for all fuel delivered under that pathway for two full calendar quarters prior to the quarter in which the ARB provides written confirmation that the pathway application has been deemed complete. This will ensure that producers are incentivized to file and process applications in a timely manner while maximizing credit generation for fuels that are approved by the ARB. This would also mitigate concerns regarding the potential lost economic value of credits that can be generated on fuel deliveries made during the pathway application review process. This will accelerate investment in commercial deployment of low CI fuels.

We look forward to working with you as you continue to strengthen and improve the LCFS and we thank you for your time and consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd B. Campbell", written over a circular stamp or mark.

Todd B. Campbell  
Vice President, Public Policy & Regulatory Affairs

A handwritten signature in black ink, appearing to read "Harrison Clay", written over a circular stamp or mark.

Harrison Clay,  
President, Clean Energy Renewable Fuels