



June 7, 2013

Katrina Sideco / Jim Aguila / Stephen d'Esterhazy
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Subject: Proposed amendments to LCFS regarding diesel fuel obligations

Dear Katrina, Jim, and Stephen,

Thank you for the opportunity to comment on the California Air Resources Board's (CARB) proposed amendments to the Low Carbon Fuel Standard (LCFS) as presented at Cal EPA office in Sacramento on May 24, 2013. Flyers Energy, LLC supports the overall goals of LCFS but submits these comments for your consideration regarding implementation and compliance.

We agree with the proposed amendment to Section 95484(a)(2)(B)(4) clarifying that the "compliance obligation may not be transferred to a buyer of finished diesel fuel, provided the buyer asserts in writing, as part of the transaction, that it intends to sell the diesel as a finished fuel and does not have the ability to blend the finished diesel fuel with additional blendstock (e.g., biodiesel)."

However, we would like to see additional language in the amendment clarifying that our ability to inject diesel lubricity additives at the rack does not imply an ability for us to blend other low CI diesel blendstocks. With the exception of a couple of terminals, California does not currently have the necessary infrastructure to blend biodiesel or renewable diesel at the rack; such infrastructure would require extensive upgrades of terminals at which Flyers is simply a customer.

Further, it is our view that seller of the finished product (the refiner) should be the only obligated party, and that such an obligation should not be transferable by contract to the buyer of the fuel as currently allowed for in 95484(a)(2)(B)5. Unless this is the case, we are concerned that the refiners will make the compliance obligation a standard feature of all of their contracts, and that distributors such as Flyers will have no choice but to buy obligated fuel, or to pay disproportionately for non-obligated fuel.

Flyers stands ready to work with CARB staff in the further development and clarification of these amendments. Thank you in advance for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Philip Dwelle', written in a cursive style.

Philip Dwelle
Government Relations Specialist