

June 18, 2014

Kirsten King  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

Dear Ms. King,

Thank you for the opportunity to comment on the Standardized Regulatory Impacts Analysis for the Department of Finance, pursuant to SB 617. We are writing to reiterate our support of the Low Carbon Fuel Standard and its goal of reducing carbon intensity of transportation fuel 10 percent by 2020. As the California Air Resources Board continues its public process for the anticipated re-adoption of the LCFS this fall, we wish to reiterate that the LCFS is the best approach for meeting the carbon intensity reduction goal and that alternative approaches are not needed. In short, the LCFS is working as intended.

The LCFS is one of the state's key strategies for achieving its AB 32 reduction goals. It is part of a comprehensive package of policies to reduce greenhouse gas emissions, diversify transportation fuel use, reduce petroleum dependency, and improve air quality and public health.

Adopted five years ago, the LCFS is a performance-based, fuel-neutral standard that is being gradually phased in. It is already delivering emissions benefits and spurring investment in technologies and fuels that diversify our energy sources. The alternative fuels market is flourishing, low carbon fuel producers are viable and strong, and the LCFS is helping provide greater competition to crude oil, giving consumers more fuel and energy choices. For example:

- Existing and potential low carbon intensity fuel production capacity and feedstocks are sufficient for LCFS compliance through 2020.
- The latest quarterly report from the California Air Resources Board (ARB) shows that industry continues to over-comply with the standard.<sup>1</sup>
- By spurring greater use of clean alternative fuels and vehicles, the LCFS will result in \$1.4 to \$4.8 billion in societal benefits by 2020 from reduced air pollution and increased energy security.<sup>2</sup>

Our organizations will continue to work with your agency through the established regulatory process by participating in your workshops and commenting on the various proposed adjustments. We support many of the enhancements designed to make the LCFS more robust while also addressing potential concerns with its implementation. We see no better alternative to meet the stated carbon reduction goals than the current program and regulatory process.

The continuing, thoughtful dialogue around potential amendments that strengthen and improve the program's effectiveness will both serve the citizens of California and preserve the state's leadership on this and other groundbreaking climate change, carbon pollution and clean air policies.

Sincerely,

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<sup>1</sup> Cumulatively, through the end of Q4 2013, LCFS has generated about 6.62 million MT credits and 4 million MT deficits, for a net total of about 2.62 million MT credits. Source: California Air Resources Board, "2013 LCFS Reporting Tool (LRT) Quarterly Data Summary – Report Number 4" April 7, 2014.

<sup>2</sup> ICF International. "California's Low Carbon Fuel Standard: Compliance Outlook and Economic Impacts – Final Report April 2014" <http://www.caletc.com/wp-content/uploads/2014/04/ICF-Report-Final-2.pdf>

Bonnie Holmes-Gen, **American Lung Association in California**

Russ Teall, **California Biodiesel Alliance and Biodico Sustainable Biorefineries**

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Tim O'Connor, **Environmental Defense Fund**

Mary Solecki, **Environmental Entrepreneurs**

Shelby Neal, **National Biodiesel Board**

Simon Mui, **Natural Resources Defense Council**

Michelle Passero, **The Nature Conservancy**

Neil Koehler and Tom Koehler, **Pacific Ethanol**

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Jeremy Martin, **Union of Concerned Scientists**

Pete Price, **Waste Management**