

Charles White

19-12-4

December 12, 2019

Western Independent Refiners Association
Comments to be Submitted at December 12, 2019 Hearing
California Air Resources Board



Subject: Advanced Clean Truck Rulemaking

The Western Independent Refiners Association (WIRA) appreciates the opportunity to comment on the latest proposed modifications to the pending regulation for the Advanced Clean Truck (ACT) Rule. We understand that these written comments and our oral testimony will be entered into the record at the December 12, 2019 hearing.

As the trade association representing small and independent refiners on the West Coast, WIRA has been an active participant in CARB rulemakings for many years. The Board has consistently acknowledged that small and independent refiners are an important pro-competitive force in the market for refined transportation fuels and products. With WIRA members not having the same access to capital or economies of scale as major oil companies, it is imperative that mechanisms within this new regulatory scheme not disadvantage the smaller players in the refining sector – and whom are committed to helping California meet its air quality goals.

WIRA recognizes and supports the efforts of CARB to reduce GHG and Criteria Pollutant emissions from Transportation Vehicles. In response to CARB's policies, WIRA members are diligently reconfiguring their refining operations to produce fuels that substantially reduce GHG and Criteria Pollutant emissions. WIRA members are positioning themselves to increasingly rely on biogenic low carbon sources of fuel feedstocks to produce biodiesel and alternative diesel fuel.

We are extremely concerned that the proposed ACT rule is heading California in a direction to focus only limited fuel types – electricity & hydrogen – not only for light duty vehicles but also for medium and heavy duty vehicles. CARB has historically been fuel neutral when looking at GHG emissions in the Low Carbon Fuel Standard (LCFS). The ACT with its focus on only on limited fuel types would be a substantial departure from past CARB policy. We believe that substantial continued GHG and Criteria pollutant reductions in all fuel types are probable. Currently, the Carbon Intensity of California electricity as a transportation fuel is about 30 gmCO₂e/MJ. Yet, CARB's own LCFS has approved fuel pathways for biodiesel and Renewable diesel as low as 12 and 20 gmCO₂e/MJ. While it is true that California's Carbon Intensity for electricity is likely to decrease further in the future due to expansion of renewables – so too do we believe that there will be further advances in emissions using a variety of portable fuels such as Biodiesel and Renewable diesel for California's existing and future MD and HD truck fleet. WIRA and its member companies are committed to being in the forefront of this trend.

The proposed sales mandates in the ACT are extremely ambitious. CARB estimates that electric and plug-in hybrid electric cars made up only 7.8% of new light duty sales in 2018. Achieving up

to 50% of Class 4-8 vocational and 15% of Class 7-8 tractors new sales with electric-drive capability by 2030 would require technology to advance at a pace we have come close to seeing in the light duty market. Until such time as CARB and the manufacturers are able to collaboratively show that these goals are achievable at some reasonable point in time, we urge CARB not to shut the door on continued advances in the portable transportation fuels market.

The most widely recognized barrier to the deployment of ZEV MD and HD vehicles is their substantially higher cost compared to their conventional counterparts. For new, novel, and complicated technologies -- or lower volume vehicles, the incremental cost can be even more exaggerated. The cost to purchase and deploy an advanced technology vehicle is greater than just the incremental cost. Fleets pay increased sales tax on a more expensive vehicle and face other costs associated with new technologies, such as training and adapting to new maintenance procedures. We know how to support California's transportation needs with portable fuels with substantially reduced emissions. The same ability to support California's transportation needs has not been demonstrated for electric MD and HD vehicles.

The high costs of infrastructure is an important barrier — particularly for zero-emission technologies — and the cost of providing hydrogen and electricity. The existing infrastructure for advanced portable fuels are already substantially in place. Fleets face uncertainty on electric charging connection standards, which complicates deployment timing and future fleet expansion. WIRA is not opposed to the expansion of ZEV technology in California, but not a pace that exceeds reasonable and predictable development. The recent performance of California's electricity infrastructure in the wake of natural or climate driven disasters is not impressive. We believe that putting all of California Transportation fuel needs in one basket is a mistake — at least until it can be adequately demonstrated that is cost-effective, reliable and feasible.

WIRA strongly support CARB's willingness to study this issue more closely and we are willing to work with staff to obtain the best data. However, we remain concerned about the ultimate goals of the advanced clean truck regulation. The rule's timeline and feasibility studies appear to be based upon assumptions that may not reflect the realities of implementation. It seems unreasonable to mandate ZEV vehicles that our MD and HD trucking fleets may not be able to use for their particular application. For example, remote or rural trucking operations may not be able to access charging infrastructure, and the batteries used in those trucks to support a feasibility determination may not support the payload and daily activities for which those trucks are typically purchased. While CARB staff has taken an important step in the right direction by recommending delaying the implementation of the rule for certain vehicles, the rule's production timeline is still incredibly ambitious in light of current technology deployment.

It is not clear that the legislature's grant of statutory authority to CARB would include the ability to impose a regulatory purchase requirement on businesses that are indirect sources of emissions -- i.e., those business that rely on trucking to supply their needs on deliver their products, yet do not own or control the vehicles used. We believe such an extension of regulatory power, if the state deems it appropriate, should be granted by the legislature, and not imposed through the regulatory process.

In summary, WIRA wishes to work collaboratively with CARB to help meet its transportation air quality goals and maintain jobs in California, but not to the extent it focuses exclusively on one transportation fuel technology that, to date, has not even achieved the emission reductions that are currently being achieved by other portable gaseous fuels such as RNG, Biodiesel, and Renewable Diesel. Let's not focus on one technology to the exclusion of all others until such time as it can be reasonably demonstrated that is the best and most reliable way forward.

A handwritten signature in black ink, appearing to read "Craig Moyer", with a stylized, flowing script.

Craig Moyer
Executive Director
Western Independent Refiners Association