



February 17, 2015

Honorable Chairman Mary D. Nichols and Honorable Board Members  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812

**Re: SUPPORT for Re-Adoption of the Low-Carbon Fuel Standard**

**Clean Transportation  
Technologies and Solutions**

[www.calstart.org](http://www.calstart.org)

Board of Directors

**Mr. John Boesel**  
CALSTART

**Mr. Michael Britt**  
United Parcel Service

**Mr. Jack Broadbent**  
Bay Area Air Quality  
Management District

**Ms. Caroline Choi**  
Southern California Edison

**Mr. Ron Goodman**  
Southern California Gas  
Company

**Ms. Karen Hamberg**  
Westport Innovations

**Mr. Brian Olson**  
QUANTUM Technologies  
World Wide Inc.

**Mr. Puon Penn**  
Wells Fargo Bank

**Mr. Dipender Saluja**  
Capricorn Investment Group

**Mr. Chris Stoddart**  
New Flyer Industries Limited

**Mr. George Survant**  
Time Warner Cable

**Mr. Stephen Trichka**  
BAE Systems

Dear Chairman Nichols and Board Members:

CALSTART supports the re-adoption of the Low Carbon Fuel Standard (LCFS) and we applaud the leadership of the Board Members and staff in developing and implementing this important policy.

CALSTART is a nonprofit organization focused on supporting the growth of the clean transportation technologies industry. CALSTART has nearly 150 member companies working to bring about a cleaner, lower carbon transportation future. Based on our work with our membership, we believe that policies like the LCFS – together with AB 32, incentives, and other complementary policies – are needed to support the transition to cleaner vehicles and fuels. We encourage the Board to support re-adoption and we look forward to continuing to work with you on implementation of California's climate and clean transportation policies.

**The LCFS is working as intended.** Fuel providers are making investments and carbon intensities are dropping. Though the mix of fuels may differ from what was expected when the policy was put in place, this is to be expected. The structure of the LCFS – a flexible, performance-based standard – allows for a mix of fuels to contribute to goals and encourages innovation. The contributions of some of the diesel substitutes, including renewable diesel, have exceeded expectations. To ensure continued progress, it will be important to maintain clear market signals and ensure that the program reflects the best science. These goals can be achieved within the framework of the existing policy.

**Targets are achievable through 2020 and beyond with the right policies in place.**

Multiple independent studies have shown a range of compliance pathways for the 2020 LCFS targets. Moreover, a recent study from the International Council on Clean Transportation and E4Tech looking at the Pacific Coast region of North America showed that low-carbon fuels can reduce the overall carbon intensity of on-road transportation fuels in the Pacific Coast region by 14%–21% by 2030. The key is to ensure strong policy and market signals, and this is the role of the LCFS.

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**Additional market and regulatory certainty is needed.** CALSTART supports re-authorizing the LCFS with the 10% carbon reduction target for 2020. Maintaining this goal is crucial for providing signals to the market. Additionally, our discussions with industry leaders suggest that we could see even greater investment and innovation with more certainty over credit values. Staff is proposing a cost-containment mechanism that provides certainty as to the upper bound of credit prices. We believe it would be beneficial to continue investigation of a minimum price, or price floor, which can provide additional certainty to investors and fuel providers.

In conclusion, CALSTART supports re-authorization of the LCFS. This is a vitally important regulation and it is functioning as intended. Indeed, we believe now is the time to begin discussions about longer term targets and plan to continue the progress being made in California. We would like to thank both the board and the staff for the hard work and leadership to date.

Sincerely,

Jamie Hall  
Policy Director