

July 8, 2015

California Air Resources Board
1001 I Street
Sacramento, CA 95812

RE: LCFS Re-adoption, 2nd 15-day notice

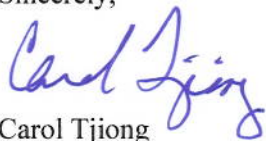
Dear Mary Nichols & Staff:

Thank you for the Second 15-Day Modified Regulation Order posted June 23, 2015. We are submitting comments for which we would appreciate ARB's consideration.

Our comment involves the proposed regulation regarding provisional pathways. We greatly appreciate ARB's proposed modification to Section 95488(d)(2) to allow the sale or transfer of credits generated under provisional pathways. However, if the regulations intend that these provisional credits (which we'd appreciate making a defined term for purposes of clarity) may not be utilized for compliance purposes by a regulated party [95486(a)(2)], such a prohibition may create hesitancy in customer acceptance of a fuel with a new fuel technology, and thus reduce feasibility, marketability, and potential benefit under LCFS to drive investment. We acknowledge ARB's need to adjust a provisional CI and appreciate ARB's willingness to allow provisional CIs, but if ARB intends to also adjust a provisional CI outside of a producer's account, we would prefer an alternate method to account for any adjustment necessary for any potential negative differences of CI upon the completion of the full two years of commercial operation. For example, if a provisional CI is changed to a higher operational CI, then any provisional credits *still in our account as producer* would be adjusted to the operational CI but the *accumulated difference* between the provisional CI and the operational CI for *any provisional CI already transferred to a third party* would be debited to our account, for which we would be obligated to clear (perhaps through purchasing credits on the open market or via any other credit balance in our account).

Please feel free to contact me to clarify the provisions or to discuss further. We are excited to work with ARB to help meet its increasing GHG targets and provide a lower carbon intensity product for our customers. Thank you for the opportunity to comment and provide feedback.

Sincerely,



Carol Tjong
Vice President