



Phillips 66
Los Angeles Refinery
1660 W. Anaheim Street
Wilmington, CA 90744

August 2, 2013

Dr. Steve Cliff
Assistant Division Chief
Stationary Source Division
California Air Resources Board
1001 I Street, Sacramento CA 95814

Subject: Phillips 66 Comments regarding Potential amendments to California's Cap and Trade Regulation as outlined in the July Discussion Draft

Dear Dr. Cliff:

Phillips 66 is pleased to have the opportunity to comment on the July Discussion Draft of potential amendments to the California Cap and Trade Regulation. Having the ability to see your staff's proposal and the opportunity to comment on potential changes prior to the official 45-day Proposed Rulemaking Package is appreciated as it is a useful additional step in the regulatory development process. It is also necessary for covered entities to understand and digest how these potential changes will impact our business and industry.

Over the years Phillips 66 has actively participated in the California Air Resources Board's (ARB or Board) rulemaking. During this time, the Board has been through several distinct rulemaking efforts for this regulation and each time it was conveyed to stakeholders that there were significant outstanding issues that would be addressed at a later date. With the program and compliance obligations starting this year, surrender of obligations next year and the expansion of the program the following year, Phillips 66 believes that now is the time to settle some of these outstanding issues. Regulatory certainty is vitally important for our company to continue successful business planning to produce and supply high quality transportation fuel to California's consumers.

Phillips 66 operates five facilities in California that are subject to this regulation:

- Los Angeles Refinery – Carson Plant
- Los Angeles Refinery – Wilmington Plant
- Santa Maria Refinery
- Rodeo Refinery
- Contra Costa Carbon Plant (coke calciner)

We submit these comments on the Discussion Draft as released and look forward to further discussion with the Board on these very important issues which have not yet been proposed. These items include the petroleum refining and coke calcining benchmarking methodology and allocation.

Summary Comments on Major Proposed Changes

- We support the proposed modification of the Industrial Assistance Factor in Table 8-1 for petroleum refining from 75% to 100% for the second compliance period of 2015-2017. We also appreciate staff's proposal to increase the Factor for the third compliance period and continuation of work to determine economics and emissions leakage associated with the program. We look forward to participating in that review in the near future.
- We support the use of the Complexity Weighted Barrel (CWB) refinery allocation methodology, but continue to recommend significant changes to how benchmarking is applied. This is discussed in detail below.
- We recommend a review of the new True Up calculation to ensure it accurately allows for the full allocation of allowances in instances where a benchmark and/or cap adjustment factor have been revised, or where there is a need to correct for previous allowance discrepancies. Also, we recommend that CARB review how the new True Up calculation impacts future year allocations once a true up has occurred.

Summary Comments on Major Outstanding Issues

- Regarding refinery benchmarking and allocation, we continue to recommend that the Board recognize that relative refinery size, configuration and complexity are legacy issues which cannot be changed moving forward. The refinery efficiency benchmarking methodology should reflect the fact that there is more than one class of refinery operations in California and that the establishment of a single sector benchmark codifies economic disadvantages into the regulation.
- The existing Coke Calcining benchmark is inappropriate as it was based on European operations. We support updating the benchmark using California-specific data. We also support retaining an independent and separate benchmark, i.e. we would not support inclusion of the Coke Calcining benchmark within the CWT/CWB calculation.
- We request that Coke Calcining (NAICS Code 324199) be recognized as a process for which more than 50% of its greenhouse gas emissions are process emissions. This recognition should come in the form of adding Coke Calcining to the existing list of sectors in Table 9-2 that have a different cap adjustment factor.

Major Comment Details

A. Assistance Factor

One of the foundational principles of AB 32 and the Cap and Trade Regulation is to reduce greenhouse gas emissions while minimizing economic and emissions leakage.

Phillips 66 supports the proposed modification of the Industrial Assistance Factor (AF) in Table 8-1 for petroleum refining from 75% to 100% for the second compliance period of 2015-2017.

While we appreciate staff's proposal to increase the Factor for the third compliance period from 50% to 75%, we do recommend that CARB complete the ongoing leakage study and that the results be presented to stakeholders in the near future. The continuing risk of trade exposure is real.

Beginning in 2015, all fifteen refineries will be benchmarked against each other with resulting varying costs of compliance. If the existing regulation's industrial assistance factor (AF) were allowed to reduce from 100% in period 1 to 75% in period 2 (2015-2017) and to 50% in period 3 (2018-2020), it would greatly increase the need to purchase allowances and greatly increase the cost of compliance. Commodities that can be freely imported without concern for state or country boundaries have zero compliance cost for refinery emissions which results in a disadvantage for in-state refining. There is a tipping point where the relative production costs and transportation costs of importing fuel from other states and nations becomes less than the price per gallon for the stationary source allowance obligation.

Should the regulatory costs of purchasing allowances with reduced trade exposure assistance be applied to California refineries in 2015 (i.e. stationary source cap and trade) and once compliance costs start to exceed transportation shipping costs, leakage is likely to occur. This is the tipping point where it becomes more economical to supply the California market with products from refineries outside the State.

Therefore, staff's proposal to increase AF to 100% for compliance period 2 is very significant in impacting this tipping point. While there will still be risk of leakage because non-California refineries have NO cost of stationary source compliance, this proposed change will lessen the California competitive disadvantage.

Staff also proposes increasing AF from 50% to 75% for compliance period 3. While this is a step in the right direction, Phillips 66 continues to believe that AF should be 100% in compliance period 3 to address this continued potential leakage. We understand that staff has an evaluation underway of the international economic dynamics associated with the liquid transportation fuel industry and associated trade exposure. We look forward to working with staff in these evaluations.

B. Refinery Benchmarking and Allocation

Though the Board has not made a recommendation on refinery benchmarking or allocation methodology for Period 2 in the Discussion Draft, industry is anticipating a proposal in the near future. Phillips 66 intends to fully participate in the upcoming refinery benchmarking process. At stake is nothing less than the competitive impacts throughout the industry. There are two distinct parts to the benchmark—the benchmark formula and the benchmark(s) value.

Phillips 66 supports the use of the Complexity Weighted Barrel (CWB) methodology over the Carbon Weighted Tonne approach. However, we do have significant interest in how the benchmark(s) will be established.

A cornerstone policy of AB 32 is to provide a carbon price signal with a goal of having existing industrial facilities become as energy efficient as possible. The Cap-and-Trade regulation is one of the programs to encourage this progress. We recognize this steady push for increased energy efficiency, but that push must acknowledge the limitations of existing facilities. Restated, the goal of the program is to get Facility A to be more energy efficient. The goal should not be to have Facility A be as efficient as Facility B. That is the basic, flawed premise for how benchmarking was applied in compliance period 1.

California's refineries were built decades ago and their relative size and configurations are now structurally static and can be cost-prohibitive to modify appreciably. This is a legacy issue that the Board needs to address in the upcoming discussions to establish revised refinery benchmarking values. The concept of a benchmark is to compare the operations of like facilities such that they are encouraged to invest in increased energy efficiency. But not all refineries are the same, and in fact, no two California refineries are the same. We believe that size, configuration and complexity are important distinguishing characteristics that need to be recognized when establishing such a critical component to this program. The benchmark(s) need to compare refineries as groups so that their ability to improve on-site energy efficiency is independent of their ability to compete against larger or smaller in-state refiners. The Board has appropriately scheduled a separate workshop on August 13 to address the benchmarking issue, and we look forward to the robust discussions on this significant topic.

We recommend the following regulatory structure for refinery benchmarking that recognizes individual refinery size, configuration and complexity.

Recommendation #1: Establish distinct benchmarks within the refinery sector based on similarity of size, configuration and complexity. Data may show that implementation of 3 distinct benchmarks is appropriate.

Recommendation #2: When establishing the individual CWB-based benchmark values for groups of refineries, CARB should use an appropriate statistical method of trimming the mean to ensure outliers do not artificially skew the benchmarks. Using a one-tailed mean test at 95% confidence level is an example of one such statistical method.

Project Commitment: Though not addressed in the proposed regulations, Phillips 66 recommends that ARB consider a new component in determining allocation to facilities. To further incent energy efficiency improvement, a regulatory option would allow an obligated party to receive allowances to credit against its triennial compliance obligation. The credit would be at a level equal to newly committed, permanent, on-site GHG reductions secured through on-site energy improvement projects. To ensure integrity, progress milestones should be established and met for continued facility eligibility.

C. Coke Calcining Benchmarking and Allocation

1. **Coke Calcining Benchmark:** Phillips 66 recommends staff continue to recognize that Coke Calcining allocation is separate from refinery allocation, and that the current distinct benchmark needs to be updated. The previous benchmark value was based on European operations and did not reflect the distinctly different characteristics of California's non co-located calcining facilities. We also have identified other technical assumptions and errors that support modification of the benchmark. We look forward to working through this issue.

Recommendation: Adopt an updated independent benchmark for calciners.

2. Coke Calcining Process Emissions

The regulation currently recognizes that the emission profile of certain operations are dominated by "process emissions" and that these activities have limited opportunity for energy efficiency improvement. Coke Calcining is precisely such an activity. Table 9-2 provides a separate and slower declining Cap Adjustment Factor for these types of operations.

Process Emissions are already defined within the Regulation and are recognized as chemical or physical transformations other than fuel combustion. The percentage of process emissions in calcining operations is significantly higher than the 50% threshold established in Table 9-2.

Recommendation: Add Coke Calcining (NAICS Code 324199) to the list of activities in Table 9-2 with a different cap reduction factor.

D. Allocation True Up Formula

It is currently unclear to Phillip 66 that the revised allocation formula, including the new True Up provisions, will ensure full allocation when multiple components of the allocation formula are changed simultaneously. The potential changes can include the benchmark, the cap decline factor, facility output or the original allocation itself. The permutation associated with all of these combinations is something that Phillips 66 would like to further discuss with staff.

Other Comments

Market Implementation: Phillips 66 supports staffs proposal in section 95856 to allow the use of future vintage allowances for compliance true-up for prior compliance periods. This should provide greater allowance market price stability in the months of allowance surrender.

Market Implementation: Phillips 66 does not support ARB's proposed mandatory "Order" for surrender of compliance instruments in section 95856. We do understand that ARB should have a surrender order in the absence of specific surrender instructions from the obligated party. However, we suggest that the regulation give obligated parties the option of specifying the order of surrender. This is important because companies in market transactions may place different values on offsets, vintage year, and other variables.

Registration with ARB: Phillips 66 does not support, without further understanding ARB's intent, the proposed requirement in section 95830(c)(1)(l) that would require that all employees be identified in registrations that have "access to any information" or "be involved in decisions" regarding compliance instruments, including transactions and holdings. In a large company such as ours, this could involve many people at different levels of management and responsibility including employees in operations, planning, strategy, accounting, finance and compliance. We recommend that only the Primary Account Representative, Alternate Account Representatives and account viewing agents be identified in registrations as currently required in regulation.

Compliance Timeline: Phillips 66 supports advancing the "New Allocation" date from November 1 to October 15, as suggested in section 95870(d). This would allow better planning for the annual 4th quarter auction in November and compliance requirements such as the November 1 Compliance Obligation Surrender date.

Electricity Phillips 66 is closely monitoring how regulations are developing to ensure equity for refinery consumers of electricity. In the final CPUC Staff Proposal on GHG Allowance Revenue Allocation Methodologies for EITE Entities and Small Businesses dated July 10, 2013, Staff recognizes the potential windfall for refineries purchasing power from third-party CHP relative to CHP self-generation (Page 52 – 53 of the Proposal) using ARB's 0.431 MTCO₂e/MWh emissions factor. Any "value", whether in the form of allowances or financial rebate, whether from ARB or CPUC, must be provided equitably to all consumers of electricity. Phillips 66 recommends that ARB ensure this equity through supplemental regulation.

Offsets: Phillips 66 supports measures in section 95895 that shorten the statute of limitations for offset projects from 8 years to 3 years when certain conditions are met. This should encourage more offset project development due to perceived and/or potential project risk.

Offsets: Phillips 66 supports measures in section 95979.1 that clarify the roles that an Air District can assume in offset project verification. We note in this new section that Air Districts can hold compliance instruments. It is not clear to us in the regulations whether there are conditions under which an Air District can or cannot be an offset project developer or operator. Please consider clarification of this as appropriate. It will be disruptive to the expansion of the

offsets market if obligated parties (e.g. industry) are competing with Air Districts for offset project development.

We will continue to engage ARB in the rulemaking process, including the upcoming refinery and calciner benchmarking process, and look forward to resolving several outstanding issues. If you have any questions on our comments please contact Steven D. Smith at 832-765-1779 or Stephanie Williams at 916-447-1698.

Sincerely,

A handwritten signature in blue ink, appearing to read "C.R. Chandler", with a long horizontal flourish extending to the right.

Chris Chandler
Manager, Los Angeles Refinery

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith Affiliation: Phillips 66

Contact Phone: 832-765-1779 E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95870 Table 8-1

Related section(s):

Amendment Request

Type of amendment: ☒ Policy ☐ Error ☐ Clarity

Reason for amendment: Phillips 66 supports the proposed modification of the Industrial Assistance Factor in Table 8-1 for petroleum refining from 75% to 100% for the second compliance period.

Additional information:

Commodities that can be freely imported with zero compliance cost for stationary source emissions make the risk of trade exposure and leakage real.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith Affiliation: Phillips 66

Contact Phone: 832-765-1779 E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95891(b), Table 9-1

Related section(s):

Amendment Request

Type of amendment: x ☐ Policy ☐ Error ☐ Clarity

Reason for amendment: Phillips 66 supports the use of the Complexity Weighted Barrel (CWB) refinery allocation methodology for compliance period 2.

Additional information:

However, continue to recommend significant changes to how benchmarking is applied. See separate comment; Phillips66-4.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith

Affiliation: Phillips 66

Contact Phone: 832-765-1779

E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95891

Related section(s):

Amendment Request

Type of amendment: ☐ Policy ☒ Error ☒ Clarity

Reason for amendment:

Phillips 66 recommends a review of the proposed True Up calculation to ensure it accurately allows for full allocation when benchmarks and cap factors are revised.

Additional information:

We also recommend review to ensure that changes correct for previous allowance discrepancies.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith

Affiliation: Phillips 66

Contact Phone: 832-765-1779

E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95891(b)

Related section(s):

Amendment Request

Type of amendment: ☒ Policy ☐ Error ☒ Clarity

Reason for amendment:

Phillips 66 recommends that the Board establish distinct efficiency benchmarks within the refinery sector based on similarity of size, configuration and complexity.

Additional information:

Phillips 66 continues to recommend that the Board recognize that relative refinery size, configuration and complexity are legacy issues which cannot be changed going forward. Any establishment of a single sector benchmark codifies economic disadvantages in the regulation.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith

Affiliation: Phillips 66

Contact Phone: 832-765-1779

E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95891(b), Table 9-1

Related section(s):

Amendment Request

Type of amendment: ☐ Policy ☒ Error ☐ Clarity

Reason for amendment:

Phillips 66 support updating the benchmark for coke calcining using California-specific data.

Additional information:

Previous benchmark was based on European operations, had incorrect technical assumptions and errors.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith

Affiliation: Phillips 66

Contact Phone: 832-765-1779

E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95891, Table 9-2

Related section(s):

Amendment Request

Type of amendment: ☒ Policy ☒ Error ☐ Clarity

Reason for amendment:

Phillips 66 recommends that coke calcining (NAICS 324199) be added to the list of activities in Table 9-2 with a different cap reduction factor.

Additional information:

Coke calcining has process emissions greater than 50%.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith

Affiliation: Phillips 66

Contact Phone: 832-765-1779

E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95856

Related section(s):

Amendment Request

Type of amendment: ☒ Policy ☐ Error ☐ Clarity

Reason for amendment:

Phillips 66 supports the use of future vintage allowances for true-up for prior compliance periods.

Additional information:

This should provide greater allowance market price stability and better planning.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith Affiliation: Phillips 66

Contact Phone: 832-765-1779 E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95856(h)

Related section(s):

Amendment Request

Type of amendment: ☒ Policy ☐ Error ☐ Clarity

Reason for amendment: Phillips 66 does not support ARB's proposed mandatory "Order" for surrender of compliance instruments.

Additional information: We suggest that the regulation give obligated parties the OPTION of specifying order of surrender.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith Affiliation: Phillips 66

Contact Phone: 832-765-1779 E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95830(c)(1)(l)

Related section(s):

Amendment Request

Type of amendment: ☒ Policy ☐ Error ☐ Clarity

Reason for amendment: Phillips 66 does not support ARB's proposal to require that all employees with access to compliance information be identified in registration.

Additional information: In a large company, this involves many, many people at different levels of management and responsibility.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith

Affiliation: Phillips 66

Contact Phone: 832-765-1779

E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95870(d)

Related section(s):

Amendment Request

Type of amendment: ☒ Policy ☐ Error ☒ Clarity

Reason for amendment: Phillips supports advancing the "New Allocation" date to October 15.

Additional information: This allows better compliance planning.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith

Affiliation: Phillips 66

Contact Phone: 832-765-1779

E-mail: Steven.d.smith@p66.com

Section

Primary section(s): Electricity, 95870

Related section(s):

Amendment Request

Type of amendment: ☒ Policy ☐ Error ☐ Clarity

Reason for amendment:

Phillips 66 recommends that ARB monitor the ARB/CPUC plan and regulations for allocation of "value" (allowances or financial) to consumers of electricity and ensure equity for all industrial consumers regardless of elect source.

Additional information:

P66 recommends that ARB ensure this equity through supplemental regulation if not resolved at CPUC.

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith

Affiliation: Phillips 66

Contact Phone: 832-765-1779

E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95895, 95979.1

Related section(s):

Amendment Request

Type of amendment: ☒ Policy ☐ Error ☐ Clarity

Reason for amendment:

Phillips 66 supports revised flexibility language regarding Statute of Limitations at 3 years for offsets.

Additional information:

Cap-and-Trade Regulation Amendment Request

NOTE: Please use this form to highlight a request to amend a specific section (or related sections) of the Cap-and-Trade Regulation. Submission of this form aids staff in tracking requests and **does not mean** staff will ultimately propose an amendment in the version of the amendments noticed pursuant to the Administrative Procedure Act. This form is intended only as an additional tool ARB will use to evaluate requested changes to the regulation. Amendment requests may be for reasons of policy, clarity, or errors, etc. Staff may contact you if we need more information. Additionally, submission of this form will be a public record, and will be included in the ultimate rulemaking file related to these amendments, but may not be specifically answered in the Final Statement of Reasons. (Government Code section 11346.9(a)(3).) Please complete this form (with as much detail as possible, though it need not be formal regulatory language) and mail or email (preferred) to:

David Allgood (dallgood@arb.ca.gov)
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812

General Information

Date: 8/02/2013

Submitted by: Steven D. Smith

Affiliation: Phillips 66

Contact Phone: 832-765-1779

E-mail: Steven.d.smith@p66.com

Section

Primary section(s): 95979.1

Related section(s):

Amendment Request

Type of amendment: ☒ Policy ☐ Error ☐ Clarity

Reason for amendment:

Phillips 66 recommends that ARB consider potential offset market disruption if Air Districts are allowed to compete with obligated parties in offset project development.

Additional information: