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via Electronic Posting

March 16, 2018

Clerk of the Board  
Air Resources Board  
1001 I Street  
Sacramento CA, 95814

RE: Phillips 66 comments on ARB's March 2, 2018 workshop regarding Amendments to the Cap and Trade Regulation

Phillips 66 submits comments on the materials provided by the Air Resources Board in its February discussion drafts and March 2, 2018 workshop relating to amendments in the Cap and Trade Regulation. Phillips 66 is a significant employer in California. Our operations covered by the rule include petroleum refineries, a coke calciner, and as a supplier of petroleum products.

We fully support the comments submitted by the Western States Petroleum Association. We encourage the Air Resources to fully implement strong cost containment provisions in the Cap and Trade Regulation as directed by AB 398.

We will be providing further comments on these and other topics in coming weeks. Our specific comments in this correspondence are below.

1. Allocation Assistance Factor for 2018-2020 and 2021-2030

AB 398 directed that the Allocation Assistance Factor be set at 100% for 2021-2030 and we understand and support the ARB's plan to include that in regulation amendments. Further, Board Resolution 17-21 last year directed staff to pursue amendments to the regulation to apply a 100% Assistance Factor "to industrial entities for 2018 through 2020 by using the same assistance factors in place for 2013 through 2017. Phillips 66 supports these amendments and their application to our California refinery, hydrogen plant and coke calciner operations. We look forward to working with the ARB on this issue in this rulemaking process.

2. Coke Calcining — Cap Adjustment Factor

We support the ARB's stated intention of reviewing industries with greater than 50% process emissions to assign an adjusted Cap Adjustment Factor. The Phillips 66 San Francisco Carbon Plant (ARB Reporting ID 100351) operates with greater than 50% process emissions. We look forward to providing information and working with the ARB in demonstrating that the Carbon Plant meets the ARB criteria for an adjusted Cap Adjustment Factor. Phillips 66 has provided previous comments on this topic in previous rulemakings.

If you have any questions or need further clarification, please don't hesitate to call me at 832-765-1779.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven D. Smith". The signature is fluid and cursive, with the first name "Steven" and last name "Smith" being the most prominent parts.

Steven D. Smith

Director, Planning & Analysis, Environment Fuels & Regulatory Affairs