

February 17, 2014

Sam Wade
Chief, Transportation Fuels Branch
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

**Re: Pacific Gas and Electric Company's Comments on the February 19 Board Hearing on
Re-Adoption of the Low Carbon Fuel Standard**

Dear Mr. Wade,

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to comment on the proposed re-adoption of the Low Carbon Fuel Standard (LCFS), which addresses the State of California Court of Appeals, Fifth Appellate District's (Court) opinion in *POET, LCC vs. California Air Resources Board*. Per the meeting notice, the Board will consider the proposed regulation and provide direction to ARB staff, with adoption occurring at a second hearing in 2015.¹

Accordingly, PG&E expresses its strong support for the LCFS and asks the Board to instruct staff to move forward with re-adoption. The consumption of transportation fuels is the single largest source of greenhouse gas (GHG) emissions in California and the LCFS is an important program transitioning the state to lower carbon intensity transportation fuels. Re-adoption will provide the regulatory certainty necessary for continued development of alternative fuels.

In addition to addressing the Court's ruling, ARB Staff is revising critical technical information and programmatic requirements. Overall, PG&E believes ARB Staff's proposal enhances program integrity and effectiveness, and thanks ARB Staff for an open and collaborative stakeholder process.

PG&E has participated extensively during the re-adoption process, especially with respect to ARB's update to the carbon intensity values for transportation fuels in the LCFS.² Given that the LCFS uses a crediting approach to incentivize the lowest carbon transportation fuels, the carbon intensity of each fuel pathway is crucial because it ultimately determines the

¹ Air Resources Board. February 19, 2015. Notice of Public Hearing to Consider a Low Carbon Fuel Standard. Website: <http://www.arb.ca.gov/regact/2015/lcfs2015/lcfs15notice.pdf>. Pp. 31.

² Carbon intensity values are determined using the California Modified Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (CA-GREET2.0) in conjunction with the Indirect Land Use Change (iLUC) estimates from the GTAP model.

degree to which each fuel generates credits or deficits, and how transportation fuel providers comply.

PG&E, along with other natural gas and electricity fuel suppliers, provided extensive comments and technical information to ARB Staff during the development of the regulatory package, which is before the Board. While additional changes will be needed prior to re-adoption—like incorporating forthcoming studies on methane emissions—PG&E believes it can continue to work collaboratively with ARB Staff to arrive at carbon intensity values that are based on the best available science and technical information. PG&E looks forward to additional collaboration with ARB Staff on this and other technical issues prior to Board adoption later in 2015.

Sincerely,

/s/

Matthew Plummer