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The Honorable Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Uw kenmerk: **Ons kenmerk:** **Behandeld door:** **Datum:**
Emmen, 13November 2015

Betreft:
(Comment submitted electronically, Reference: INVESTPLAN2-WS)
RE: Cap-and-Trade Auction Proceeds, Second Investment Plan

Dear Chair Nichols,

We appreciate the opportunity to provide comments regarding the Air Resources Board's ("ARB"), Cap-and-Trade Auction Proceeds Second Investment Plan (the "Second Investment Plan").

Sunoil Biodiesel, founded in 2005, is a Dutch producer of Biodiesel out of Used Cooking Oil (UCO), complying with the European standard EN 14214 and the American standard ASTM D6751. As of the 29th of September 2015 our biodiesel production facility in the Netherlands is registered in the United States under the EPA's Renewable Fuel Standard (RFS) program. This means that Sunoil Biodiesel can now export its biodiesel to the United States for which D4 RIN's be generated and be used by Obliged Parties under the RFS to meet their annual renewable fuel obligations.

As Sunoil Biodiesel is producing a biodiesel made out of Used Cooking Oil and because we have continuously invested in efficient production processes, the Carbon Intensity of our product is very low. Sunoil's biodiesel has an ISCC certified GHG reduction of 95% compared to conventional diesel, which has been calculated with the BIOGRACE model that is acknowledged by the European Commission. Due to our fuel's performance we are very interested in the LCFS program of the CARB as it gives good market incentives for more renewable fuels. We are now considering to apply at the ARB for our renewable fuel pathway approval. Our first calculations in the GREET model published by ARB, using our facility's data, concludes interestingly low CI's.

If there is to be an attractive investment climate in addition to the LCFS market incentives we would consider in the investment of a local renewable fuel production facility in California. Such a consideration would of course also be dependent on the risks surrounding feedstock supply and legal matters, but the right investment programs and renewable fuel production incentives could trigger us to investigate the options.

At the outset, I would like to emphasize our company's support for California's innovative and robust low carbon fuel policies including the Low Carbon Fuel Standard (LCFS), Cap-and-Trade, Greenhouse Gas Reduction Fund ("GGRF"), and the California Climate Investments. I am pleased to confirm that this policy framework is a powerful catalyst driving low carbon fuel production and demand locally, nationally, and globally. The California Climate Investments are motivating the world's most innovative low carbon fuels companies to consider investing and siting in California.

Sunoil
Biodiesel

Strategic Portfolio of GHG Reducing Programs

We support ARB's overall strategy to invest GGRF revenues on a diversified basis to achieve the maximum feasible GHG reductions as cost-effectively as possible. We are supportive of the references in ARB's Second Investment Plan to the establishment of incentives for the in-state production of low carbon intensity fuels. Currently, over 80% of the low carbon fuels used in California are being imported from other states and foreign countries. As the nation's clean economy leader, California deserves to receive the economic development and job benefits of its own state policies.

ARB's decision to invest GGRF funds to expand in-State low carbon fuels production is fiscally and environmentally prudent because:

The transportation sector is the largest source of GHG emissions currently and is also the largest source of planned GHG reductions that are to be achieved primarily through Cap-and-Trade, and the LCFS.
Liquid and gaseous low carbon fuels have delivered 89% of the GHG reductions in the LCFS to date and will continue to deliver the overwhelming majority for the next five years.
Liquid and gaseous low carbon fuels can be stored, blended and distributed via the existing petroleum distribution network and utilized in existing gasoline, diesel, and natural gas powered vehicles.
These fuels and vehicles are the only technologies that can be immediately deployed to deliver substantial GHG and other emission reductions to California's rural and urban disadvantaged communities.
California's Climate Commitment of cutting petroleum use in half by 2030 will be facilitated by doubling the use of low carbon fuels including biofuels and renewable natural gas.

Summary of Recommended Program Structure

We support the specific policy structure known as the California Climate Incentive Fuel Program (CCIFP) developed by the Low Carbon Fuels Coalition with broad industry involvement.

Conclusion
We appreciate the ARB's inclusion of low carbon fuels production within the scope of its Second Investment Plan. Thank you for your consideration of this comment.

Sincerely,

Wilfred Hadders
General Manager
Sunoil Biodiesel

Cc: Graham Noyes, Low Carbon Fuels Coalition