



Kern Oil & Refining Co.

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VIA ELECTRONIC POSTING

Comment List: adf2020

Clerk of the Board
California Air Resources Board
P.O. Box 2815
Sacramento CA, 95812

Dear Chairman Randolph and Board Members:

Kern Oil & Refining Co. (Kern) is providing comments on the California Air Resources Board's (CARB) proposed amendments to the Regulation for the Commercialization of Alternative Diesel Fuels (ADF) released on January 12, 2021. Kern is specifically providing comments on the proposal to extend until August 1, 2021, the date after which only approved ADF formulations or biodiesel additives certified under the proposed amendments can be used to comply with biodiesel in-use requirements. Kern supports CARB's extension of the compliance date beyond the originally proposed April 1, 2021, but strongly encourages CARB to consider more appropriately setting the compliance date to April 1, 2022, or one year from the effective date of the amendments.

Kern is an independently owned, small refinery located in the Southern San Joaquin Valley, just outside Bakersfield, California. At a crude oil capacity of 26,000 barrels per day, Kern is the smallest refinery in California currently producing transportation fuels, yet was one of the earliest adopters of low-carbon fuels. Beginning with co-processing renewable diesel in 2009, Kern began blending biodiesel in 2012, and expanded those blending operations in 2017 by offering biodiesel blends up to B20 to satisfy a growing demand to supply the local agriculture industry and the needs of Central Valley transportation corridors.

The ADF offers limited compliance paths, each of which have significant impediments to practical implementation, leaving Kern and other blenders in wait for new additive certifications. ADF formulations containing high proportions of renewable diesel with up to 20 percent biodiesel and the remaining fraction of CARB diesel, look promising on paper, but are not realistic when supply and logistical constraints are appropriately considered. It is unclear whether CARB's analysis of available renewable diesel supply in the state factors in location, access, sufficient storage tank availability/capacity, or other market demands for neat renewable diesel. Kern would need to identify additional storage capacity at least triple the volume of current biodiesel storage capacity for practical implementation of producing an ADF formulation. Similarly, multiple complexities in the practical use of DTBP effectively eliminate

this product as a viable compliance option, examples of which include chemical instability, on-site handling and storage requirements, and conditions/limitations on shipping and receiving.

The compliance date must realistically reflect a reasonable amount of time for additive manufacturers to complete the newly proposed, rigorous certification process. Absent approved additives, Kern and other blenders will have no choice but to cease blending beyond the five percent biodiesel allowed in CARB diesel, eliminating significant volumes of biodiesel currently entering the California marketplace as B20. Kern is concerned such a scenario could degrade relationships with customers and place strain on existing contracts for B20 blends. Furthermore, a reduction in biodiesel blending, even if temporary, is counterintuitive to CARB's goals for increasing the use of low-carbon fuels in the state. Kern halting its B20 blending for even six months until a new additive is certified would result in the missed opportunity for Californians to have eliminated over 10,000 metric tons of transportation-related greenhouse gas emissions.

In conclusion, Kern appreciates CARB's consideration of this request to extend the effective date for in-use additive requirements. As always, Kern is committed to working with Staff throughout the regulatory process. Please do not hesitate to reach out to me at (661) 845-0761 with any questions.

Sincerely,



Melinda L. Palmer
Sr. Manager – Renewables & Government Affairs
Kern Oil & Refining Co.

cc: Lex Mitchell, CARB
David McCoy, Kern Oil
Jayson Busch, Kern Oil