



February 13, 2015

Honorable Chairman Mary D. Nichols and Honorable Board Members

California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Re: SUPPORT for Re-Adoption of the Low-Carbon Fuels Standard

Dear Chairman Nichols and Honorable Board Members:

The California Electric Transportation Coalition (CalETC) appreciates the opportunity to comment in support of re-adoption of the Low Carbon Fuels Standard (LCFS). CalETC is a non-profit association with a board of directors that includes: Los Angeles Department of Water and Power, Pacific Gas & Electric, Sacramento Municipal Utility District, San Diego Gas & Electric and Southern California Edison. Our membership also includes major auto makers and we work closely with our colleagues in the alternative fuels community.

First, we laud the California Air Resources Board (CARB) in the design and implementation of the LCFS. The regulation sets a standard for the regulated industry and allows the industry to determine how best to meet that standard, providing flexibility in an industry long constrained by the transportation sector's near-total dependence on only one fuel. The LCFS program has resulted in unanticipated innovation in both fuels and vehicles and expanded consumer choice. In the first years of implementation of the LCFS, industry is over-complying, credits are being generated from unanticipated and innovative sources, and consumers are responding to expanding choices in fuels and vehicles.

We respectfully submit the following comments:

- CalETC appreciates the addition of forklifts and fixed guideway systems in the LCFS program. The definition of transportation fuel in LCFS includes non-road uses of transportation fuel. Including forklifts and fixed guideway systems ensures that expanded transportation fuel opportunities are available for both the regulated industry and the fuel providers.
- CalETC supports the staff's proposal to stay the course and meet a ten percent (10%) reduction in the carbon content of fuels sold in California by 2020. This is essential to providing market certainty for alternative fuel providers, particularly given the overwhelming market advantage the predominant fuel has in the transportation fuels sector.
- CalETC supports the staff's proposal for a credit clearance option to cost containment. We respectfully suggest that additional analysis be conducted to determine the appropriate maximum price per credit in the clearance market. Establishing a maximum price which is too low may have negative implications, such as stifling innovation and inhibiting the market.

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We also respectfully suggest that additional analysis be completed to develop a minimum price per credit, or price floor, for LCFS credits. Certainty for the regulated parties and credit generators can be achieved through both cost containment and price floor mechanisms.

In closing, CalETC supports re-adoption of this groundbreaking and essential regulation. Thank you for your consideration and ongoing leadership.

Regards



Eileen Wenger Tutt, Executive Director
California Electric Transportation Coalition

EWT/kmg