

**Written comments**  
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To the California Air Resources Board

At the Public Hearing to Consider  
**California's Low Carbon Fuel Standard**  
February 19, 2015

Dear Chairman Nichols and Members of the Board:

Thank you for the opportunity to present Consumers Union's views on California's Low Carbon Fuel Standard (LCFS). We strongly support reauthorization of the LCFS due to its benefits to California's citizens, economy, and environment.

Since our inception in 1936, auto safety and value have been a paramount concern. Consumer Reports tests about 75 new vehicles every year at our test track, where we assess such attributes as fuel economy, ownership costs, reliability, safety, and performance. We do not accept outside advertising, and we have more than 8 million subscribers to all our products and services.

As a national consumer organization with subscribers and activists in every state, we care deeply about the cost of fuel to power our vehicles, and actively promote measures that provide consumers with cleaner, more efficient choices. Working towards this goal, we have supported federal and state fuel economy and greenhouse gas (GHG) emissions standards for vehicles, as well as state initiatives to enhance customer choice for vehicles and fuels.

The California Air Resources Board (CARB) has been successfully implementing the LCFS since it first issued proposed regulations in 2009. CARB's efforts have stimulated the production of alternative fuels. This has increased consumer choice at the pump, and decreased GHG emissions across the state.

Oil prices are volatile. While today gas prices are dramatically low, all forecasts indicate that they will increase again soon. When prices are too low, production slows, demand and supply sync up, and prices increase again. We also recognize that depending on unconventional sources for oil, where production costs are much larger (e.g. hydraulic fracturing and horizontal drilling), will drive prices upward.

So what is the best long-term strategy to hedge our transportation bets and lessen uncertainty at the pump? In two words: competition and diversification. Introducing competition from cleaner fuels will encourage innovation and exert downward pressure on gasoline prices. Diversifying the fuel supply

both decreases demand for oil and gives consumers more transportation fuel choices, which are especially valuable when oil prices rise. By increasing consumer choice, the LCFS has helped increase the elasticity of demand, providing protection from fuel price increases.

It is more important now than ever to prepare for our long-term energy future. We don't have to wait for oil prices to go up again to invest in clean fuel technologies. While improvements are being made, oil's near monopoly over transportation infrastructure stymies investment in alternative, and competing, products. The LCFS helps diversify transportation fuels and foster a market for clean fuels by providing greater certainty for bringing these alternatives to market.

Finally, programs such as LCFS bring numerous other benefits. Burning less fuel, compounded by that fuel being cleaner, improves air quality and progresses public health. These enhancements lead to fewer consumer expenses on health care and missed work days as well.

Consumers Union believes the LCFS will continue to boost fuel choice, incentivize innovation, and decrease consumer costs in the long run. We thank you for your time and support and urge the Board to move forward with this important program.

Sincerely,



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