



National Biodiesel Board
1331 Pennsylvania Ave., NW
Washington, DC 20004
(202) 737-8801 phone

National Biodiesel Board
605 Clark Avenue
Jefferson City, MO 65110
(800) 841-5849 phone

February 16, 2015

Mary D. Nichols
Chair
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95814
Submitted via electronic mail.

Re: Written comments from the National Biodiesel Board on proposed Regulations for the Commercialization of Alternative Diesel Fuels and a Low Carbon Fuel Standard.

Dear Chair Nichols:

Thank you for the opportunity to comment on these regulations. We sincerely value the job you and all ARB board members and staff undertake in protecting the state's environment and public health.

By way of background, the National Biodiesel Board (NBB) serves as the trade association for the U.S. biodiesel and renewable diesel industries. The NBB represents more than 90 percent of domestic biodiesel and renewable diesel production. In addition to governmental affairs activities, the association coordinates the industry's research and development efforts.

Before delving briefly into a few key regulatory areas, I would like to express our appreciation to the Air Resources Board (ARB) for the cooperation we have received over the past several years. Biodiesel has encountered unique regulatory challenges as a result of the fact that it is the first alternative diesel fuel to ascend to commercial scale. I am pleased to report that, in each situation we have encountered, ARB staff have diligently worked through whatever issues were present with great skill, integrity, and professionalism. It has been a pleasure to work with staff on numerous matters of precedent-setting importance.

Alternative Diesel Fuel Regulation (ADF)

Speaking candidly, and strictly from a practical standpoint, we view NOx mitigation for biodiesel as unnecessary. This view is based on anticipated levels of biodiesel use in the marketplace and air quality modeling studies sponsored by the National Renewable Energy Laboratory and others. These studies show no measurable impacts on ground level ozone from widespread use of B20 due to the fact that small NOx increases are overwhelmed by large decreases in PM and other pollutants.

That said, the NBB and its member companies fully support the ADF regulation as drafted. While ARB staff may have chosen a more conservative approach than our industry would have, in a perfect world, preferred, the regulation is clearly underpinned by robust data and technical analysis. Moreover, we view ARB's conservative mindset as appropriate in light of its statutory mission.

In the final analysis, the ADF regulation should be viewed as an enhancement to the Low Carbon Fuel Standard (LCFS) because it provides much-needed regulatory certainty for California's biodiesel industry and it identifies a clear, certain, and rational path forward, both for biodiesel and other "new" fuels. Importantly, we also believe the regulation provides strong assurances to stakeholders that use of biodiesel under the LCFS will only result in air quality benefits.

Production and Feedstock Growth

Because of the LCFS, every biodiesel producer in the state is in some phase of expansion, waste feedstock collection rates are higher than they have ever been, and California is developing into a hub for "next generation" feedstock research and development with companies such as REG Life Sciences and Solazyme. These investments by environmental entrepreneurs are being made based on the promise of a stable, long-term GHG reduction policy. For this reason, we support maintaining the 10 percent by 2020 carbon intensity reduction requirement.

Implementation Schedule

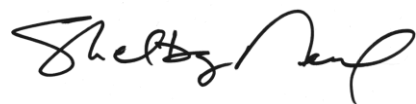
After careful analysis, we believe the overarching 10 percent by 2020 objective is workable. Certainly, there can be no question that the diesel requirement is achievable since more than 1.4 billion gallons of biodiesel and renewable diesel have been produced domestically each of the past two years. In light of these fuels' widespread availability and attractive pricing (typically the same as, or less than, petroleum), we see diesel substitutes as a highly attractive early compliance option. In addition, we are bullish on the growth prospects for the California biodiesel and feedstock industries. Continued in-state growth and development will make long-term compliance even easier, even less expensive, and even more beneficial to the state's economy.

Biodiesel Fuel Pathways

We are in general agreement with the technical analysis that underpins the changes in lifecycle assessment for soybean oil, canola oil, and inedible corn oil. Of course, every scientist and stakeholder will, to some extent, have differing views on such inherently complex matters but, on the whole, ARB staff have done a superb job in integrating the most advanced science into these fuel pathways.

Thank you, in advance, for your consideration of our views on these important matters. If I may be of any assistance, please feel free to contact me at any time at (573) 635-3893.

Sincerely,



Shelby Neal
Director of State Governmental Affairs

Cc: California Air Resources Board