



June 19, 2015

Mr. Richard Corey
Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Mr. Corey:

The development of revisions to Low Carbon Fuel Standard (LCFS) has taken years, during which time you and your staff have exhibited the highest degree of professionalism and dedication. Sustained attention to detail has been evident by Air Resources Board Staff, even regarding occasionally esoteric market issues. The highest level of public service has been a constant for staff that, like you, have been engaged on this issue for years, as well as for staff only recently added to the LCFS team.

Not surprisingly, the result is an excellent set of proposed revisions to the LCFS which should strengthen the program and quicken the private sector's efforts to supply the California market with innovative, affordable, low carbon fuels.

Today I write to you seeking clarification on one provision in the proposed 15-Day Regulation Order. One requirement of the proposed Renewable Hydrogen Refinery Credit Pilot Program is that the renewable hydrogen used "must annually replace a minimum of one percent of all fossil hydrogen in the production of CARBOB or diesel fuel."

It seems reasonable to interpret the displacement of one percent of fossil hydrogen to be measured against the hydrogen used as refining feedstock for that refinery. This seems logical given that any credits generated under this provision would accrue to the refinery as a measure of the amount of fossil hydrogen displaced in that refining process by the renewable hydrogen. That said, the language quoted above does not specify this, leaving open the possibility that the language could be interpreted more broadly.

Could you please clarify that the one percent displacement pertains to the refining feedstock of the individual refinery, and not to the fossil hydrogen used elsewhere in the refinery for process energy, or outside the refinery gate by the same regulated party or other parties? Thank you very much.

Regards,

A handwritten signature in black ink, appearing to read "Chessler", written in a cursive, flowing style.

Christopher J. Hessler