



NATURAL RESOURCES DEFENSE COUNCIL
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Via: web submission at

[http://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=june23-por-fuels-
ws&comm_period=1](http://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=june23-por-fuels-
ws&comm_period=1)

California Air Resources Board
1001 I Street
Sacramento, CA

Re: Comments on Point of Regulation for the Sources of Fuel Combustion
Included in the Second Compliance Period in a California Cap-and-Trade
Program

Dear CARB Staff:

Thank you for the opportunity to comment on the point of regulation (POR) for fuels that will be included in the cap and trade program in 2015. These comments focus on specific recommendations regarding POR for gasoline, diesel, and natural gas.

A. Are we capturing the appropriate fuel types?

CARB has identified the appropriate fuel types to be included under a cap-and-trade that covers transportation fuels. The program also needs to account for both low biofuel blends and high biofuel blends, as CARB has already stated.

B. POR for gasoline and diesel

We recommend placing the cap on the oil refineries or importers of refined fuels and blendstocks as the points of regulation, consistent with the structure used in California's LCFS program. This POR structure would also be consistent with that agreed upon by the United States Climate Action Partnership (USCAP) and with that currently outlined in the American Clean Energy and Security Act of 2009 (Waxman-Markey). We agree that while setting the distribution terminal rack is one possibility and may allow for a better ability to "net out" specific uses, the structure would not be ideal over the longer-term as California's cap and trade system integrates with other systems. In addition, the LCFS will already be collecting necessary information for the cap and trade program, including the types and quantities of fuels sold from refineries and importers.

C. POR for Natural Gas

The point of regulation for natural gas users under 25,000 tonnes/year should be the Local Distribution Company (LDC). The LDC has the capacity to accurately report natural gas usage by customers inside California. We urge CARB to develop a protocol for LDCs as part of its Mandatory Reporting Requirements.

For those consumers that purchase gas directly from an interstate pipeline and not from an LDC, the consumer should be the POR.

Sincerely,



Kristin Grenfell
Legal Director, Western Energy & Climate



Simon Mui
Scientist, Clean Vehicles and Fuels