February 11, 2009

Manisha Singh
Lead, Policy and Regulatory WG
California Air Resources Board
1001 I Street
Sacramento, California 95812

RE: Draft Low Carbon Fuel Standard (LCFS) Regulation – January workshop

Dear Ms. Singh:

I am writing today on behalf of the California Biodiesel Alliance (CBA), to comment on the draft LCFS regulation as discussed at the January 30, 2009 workshop. The CBA is a non-profit corporation dedicated to promoting biodiesel in California. It was founded in 2006 by California biodiesel pioneers and industry leaders and represents the biodiesel industry in government relations in California and Washington, D.C. We believe that biodiesel can be a significant contributor to improving local air quality, reducing California's dependence on foreign oil and reducing carbon / greenhouse gas emissions.

CBA members are engaged in the responsible development of quality biomass-based diesel from a variety of feedstocks – from the utilization of waste products such as yellow grease and inedible animal fats, to being active in developing and investing in the production of new feedstock crops and adhering to best agriculture management practices of current crops in order to promote feedstock sustainability and maximize processing benefits. The CBA urges the ARB to use caution with its regulatory approach to LCFS. A cautionary approach will encourage and foster sustainable fuel production in order to achieve the desired and necessary reduction in green house gasses (GHG) and petroleum dependence, and not to fall into the trap of entrenched petroleum industry interests who seek to limit the scope and effectiveness of biofuels under LCFS.

Implementation Timeline.
We appreciate the change made in the implementation timeline from the December workshop but request more be done to accelerate the reduction of carbon intensity of the diesel fuel pool.

We agree with concerns voiced by other groups such as the Union of Concerned Scientists that much more needs to be done to reduce GHG/carbon emissions in

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the early years of LCFS. Because of the long-lasting, cumulative effects of carbon residing in the atmosphere that accelerates both climate change and movement towards a potentially disastrous environmental and economic tipping point, a unit of carbon/GHG reduction today is worth more than a comparable reduction in the future. Accordingly, we strongly recommend that ARB revise the implementation timeline for the diesel fuel pool to include more aggressive decreases in carbon intensity beginning in 2010.

ARB has stated previously that a more accelerated reduction in carbon intensity of the diesel is not feasible because diesel alternatives are currently not available in sufficient quantities. CBA believes that the facts show that this is not the case for biodiesel.

Using current LCA analysis for MW soy biodiesel that is inclusive of ILUC, the introduction of approximately 122 million gallons per year (mgpy) of biodiesel would result in a 1% reduction in the carbon intensity of the overall diesel fuel mix. A larger reduction would be expected for biodiesel produced from locally sourced virgin and waste feedstocks, particularly the latter, which would make up a large percentage of California produced biodiesel. For example a 1% reduction could also be achieved with 50 mgpy of MW soy biodiesel and 31 to 35 mgpy of California produced biodiesel made from waste feedstocks such as animal fats and used cooking oils (the latter is based on an LCFS pathway for biodiesel produced in California using inedible animal fats and used cooking oils achieving a 70% and 80% reduction respectively in carbon intensity versus the current petroleum diesel baseline of 94.71 gCO2e/MJ).

According to the National Biodiesel Board, the U.S. biodiesel industry currently has approximately 2.1 billion gallons of production capacity but produced only 700 million gallons in 2008. Even with a Federal Renewable Fuel Standard requirement of 1 billion gallons per year, there is more than sufficient biodiesel production capacity to meet the requirements of 1% reduction in 2010. Furthermore, California has nine biodiesel plants either currently operating or engaged in commissioning with a combined production capacity of approximately 63 million gallons per year; another 4 plants are idle and at least one other is under construction. Thus, California's 2009 biodiesel production capacity is more than capable of meeting the demands of a 1% reduction in carbon intensity beginning January 2010.

According to the California Energy Commission, the current AB 118 investment plan will allocate funding towards the development of additional biodiesel blending and distribution infrastructure. Retail infrastructure deployment is also highly desirable and encouraged under AB118 to create consumer market access for biodiesel blends. A greater reduction in the diesel carbon intensity in the 2010-2012 timeframe would provide a stronger signal to the private sector and likely result in significant investment which would leverage AB118 investments in California biomass-based diesel production capacity and distribution infrastructure. With proper support and investment, by 2011, California could easily develop 120+ MGPY of biodiesel production, which, by

itself, could result in a 2% to 3% reduction in carbon intensity of the diesel fuel mix. Additionally, adopting a more rapid LCFS implementation schedule that drives the development of California's biomass-based diesel production supports the State's goal, as outlined in the BioEnergy Action Plan for California and in Executive Order S-06-06, of achieving in-state production of 20% of all biofuels consumed within California.

In summary, a more rapid and early implementation of LCFS is the right approach to take for several reasons:

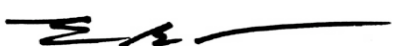
- A unit of carbon/GHG reduction today is worth more than a comparable reduction in the future to slow climate change and pull back from a disastrous environmental and economic tipping point.
- Sufficient biodiesel production capacity exists in 2009 on a national level and within California to reach a 1% reduction in diesel carbon intensity in 2010, which in the current draft would not be achieved until 2013.
- Encourages the development of in-state production and distribution infrastructure of biomass-based diesel and make material progress towards achieving the goal of 20% in-state production of biofuels as stated in the BioEnergy Action Plan for California and in Executive Order S-06-06.

Fuel Pathways

In prior conversations with members of the ARB, CBA has requested that pathways be established for biodiesel produced in California and for biodiesel using waste feedstocks such as used cooking oil and inedible animal fats. ARB has previously stated that it intends to develop such fuel pathways but has not yet done so. CBA feels strongly that these pathways are necessary to 1) encourage the use of most sustainable type of alternative diesel currently available in commercial volumes, namely biodiesel produced from used cooking oil and inedible animal fats, and 2) encourage the ongoing development of California in-state biomass-based diesel production to meet the goals for in-state alternative fuels production as outlined in Executive Order S-06-06 and in the Bioenergy Action Plan for California. Thus, CBA urges ARB to develop and publish LCFS fuel pathways for biodiesel produced in California and for biodiesel using waste feedstocks such as used cooking oil and inedible animal fats.

Thank you for your consideration of these comments. Should you have any questions or need additional information please call me at (415) 285-8001.
Sincerely,

Eric Bowen



Chair, California Biodiesel Alliance

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