

**STATE OF CALIFORNIA
AIR RESOURCES BOARD**

Notice of Public Hearing to)	Hearing Date: April 23, 2009
Consider Adoption of a Proposed)	Agenda Item
Regulation to Implement the Low)	Notice of Public Hearing
Carbon Fuel Standard)	

**COMMENTS OF THE
ENGINE MANUFACTURERS ASSOCIATION**

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**STATE OF CALIFORNIA
AIR RESOURCES BOARD**

Notice of Public Hearing to)	Hearing Date: April 23, 2009
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ENGINE MANUFACTURERS ASSOCIATION**

On February 24, 2009, the California Air Resources Board (“ARB” or the “Board”) published a Notice of Public Hearing regarding the adoption of a proposed Low Carbon Fuel Standard. The Engine Manufacturers Association (“EMA”) has reviewed the Initial Statement of Reasons dated March 5, 2009, as well as the draft Regulation Order, and has the following comments for the Board’s consideration.

1. All Fuels Subject to the California Low Carbon Fuel Standard Must Continue to Meet Applicable State and Federal Fuel Specifications.

California is proposing to adopt a Low Carbon Fuel Standard (LCFS) to help reduce emissions of greenhouse gases in response to the Global Warming Solutions Act (Assembly Bill 32) as well as an Executive Order issued by Governor Schwarzenegger that asked ARB to evaluate the feasibility of reducing the carbon intensity of transportation fuels by at least 10% by the year 2020. ARB has developed a proposed regulation that would require suppliers to reduce the carbon intensity of fuels in the aggregate, and in making such reductions, take into consideration the life-cycle greenhouse gas emissions of the fuels.

EMA believes that an appropriately designed and implemented LCFS can help reduce greenhouse gas emissions from the transportation sector. The Standard must provide, however, that the fuel will continue to meet all applicable and approved technical and quality specifications for transportation fuels. Thus, EMA and its members believe that draft Section 95480.1 (e) must be included in the final Regulation Order. Specifically, Section 95480.1 states:

Nothing in this LCFS regulation may be construed to amend, repeal, modify or change in any way the California reformulated gasoline regulations, the California diesel fuel regulations, or any other applicable State or Federal regulations.

High quality fuels that meet engine manufacturers’ and government specifications are necessary for the proper performance of engines, vehicles, and equipment. In addition, California’s very stringent emission standards are met through a systems approach, under which transportation fuels having specific characteristics and properties are combined with high performance engines and catalyzed aftertreatment devices meeting specified emission standards.

Therefore, in order to maintain engine performance and compliance with emissions standards, all fuels used in California must continue to meet applicable technical and quality specifications. Compliance with the LCFS must not result in a fuel that does not meet applicable fuel specifications. Efforts by ARB and fuel suppliers to reduce the carbon content of the fuel and comply with the final LCFS must not be allowed to damage the engine, reduce overall fuel efficiency, or increase criteria pollutant emissions.

2. ARB should include a methodology or waiver process in the final LCFS regulation to resolve conflicting requirements between the LCFS and technical fuel specifications.

Although the proposed Regulation Order includes a provision that requires fuel providers to continue to comply with applicable and technical fuel specifications and requirements, it is likely that implementing the LCFS will result in situations where the only way that a fuel provider can supply a LCFS compliant fuel is if other fuel standards and regulations are changed. For example, one can envision that meeting the LCFS for gasoline may require a fuel blend that requires adding ethanol levels above the current ten percent (10%) cap. For diesel fuel, EMA currently recommends that biodiesel content levels be limited to no more than five percent (5%). There needs to be a mechanism for satisfactory resolution of conflicts resulting from attempted compliance with the LCFS and other fuel specifications or regulations.

EMA recommends that ARB include a provision in the LCFS that would exempt fuel providers from complying with the life-cycle greenhouse gas emission reduction requirements in cases where the only means of compliance conflicts with other regulatory requirements, California or federal fuel specifications, or engine and vehicle manufacturers' fuel specifications. EMA believes it is necessary to address that potential issue at this time as opposed to handling the situation during a crisis when conflicting standards arise.

EMA appreciates the opportunity to comment on the proposed regulations and would be pleased to work with ARB to address the above issues in the final regulation.

Respectfully submitted,

ENGINE MANUFACTURERS ASSOCIATION