



BUSINESS *for* INNOVATIVE
CLIMATE & ENERGY POLICY

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December 15, 2011

Mary Nichols
Chairman
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Re. Amendments to the California Low Carbon Fuel Standard

Dear Chairman Nichols,

As large U.S. companies focused on advancing energy policies to counter the risks posed by global climate change, we are writing to express our support for a strong Low Carbon Fuel Standard (LCFS). A well-structured LCFS will help to mitigate climate risk, reduce our dependence on oil, and stimulate economic growth by fostering a strong clean energy market. Further, a robust LCFS ensures that cleaner fuels are available to businesses like ours that are especially concerned about using high-carbon fuels such as those derived from oil sands and oil shale.

Climate change presents significant long-term risks to U.S. companies, as well as the domestic and global economy. Given that the transportation sector accounts for 38% of California's greenhouse gas (GHG) emissions, it is critical to shift to cleaner transportation fuels. An LCFS will be effective in reducing transportation emissions; according to the California Air Resources Board (CARB) 2009 Staff Report, the LCFS will reduce GHG emissions from the transportation sector in California by about 16 million metric tons (MMT) in 2020.¹

California's LCFS also provides economic and energy security benefits by reducing our dependence on oil. The CARB Staff Report estimates that "the displacement of petroleum-based fuels with lower-carbon-intensity fuels will result in an overall savings in the State, as much as \$11 billion from 2010-2020."² Further, as a market-based policy that does not mandate the use of particular technologies or fuels, a strong LCFS promotes innovation and growth in the clean fuels sector. Since the regulation took effect in 2010, "fuel producers are innovating and achieving material reductions in their fuel pathways' carbon intensities... submittals representing over 100 new or modified fuel pathways with

¹ Proposed Regulations to Implement the Low Carbon Fuel Standard Staff Report: Initial Statement of Reasons, March, 2009, ES-1.

² Proposed Regulation to Implement the Low Carbon Fuel Standard Staff Report: Initial Statement of Reasons, 2009, Volume I (VIII-1).

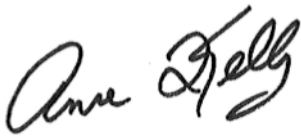
substantially lower carbon intensities have been posted... to date...on the LCFS portal.”³ Given our interest in using clean fuels, it is critical to continue to foster a robust clean fuels market.

California is a leader in developing clean technologies; an LCFS would help ensure that California maintains that leadership position by fostering opportunities for long-term, sustainable economic growth in the clean energy sector. California also plays an important leadership role as a regulatory model. In order to ensure a broader shift to cleaner fuels, other jurisdictions will need to adopt an LCFS, and the adoption of a strong framework in California will facilitate similar efforts throughout the country, particularly the ongoing development of a Clean Fuels Standard in the Northeast and Mid-Atlantic states.

In sum, we support amendments that strengthen the LCFS by sending a clear market signal promoting the growth of a robust clean energy market, and providing unambiguous disincentives to provide high carbon fuels derived from current oil sands and oil shale production. A strong LCFS will help get California’s economy back on track by creating jobs and catalyzing investment in cleaner fuels, as well as promoting energy security and reducing climate risk. Finally, a well-structured LCFS would level the playing field for businesses like ours that are committed to increasing the use of cleaner transportation fuels.

We appreciate the opportunity to share our views regarding the importance of a strong LCFS, and look forward to supporting your efforts in the months ahead.

Sincerely,

A handwritten signature in black ink that reads "Anne Kelly". The signature is written in a cursive, flowing style.

Anne Kelly
Director, BICEP

*BICEP members Include: Anvil Knitwear, Aspen Skiing Company, Avon Products, Ben & Jerry’s, Clif Bar & Company, eBay, Eileen Fisher, Gap, Inc., Jones Lang LaSalle, Levi Strauss & Co., New Belgium Brewing, Nike, The North Face, Outdoor Industry Association, Portland Trail Blazers, Seventh Generation, Starbucks, Stonyfield Farms, Symantec and Timberland.

³ Proposed Amendments to the Low Carbon Fuel Standard Staff Report: Initial Statement of Reasons, October 2011, ES-1.