



December 16, 2011

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To: California Air Resources Board Chair and Members
Re: Government of Canada's Comments on the Proposed Low Carbon Fuel Standard

- Good morning. My name is Cassie Doyle, and I am the Consul General of Canada for Northern California. I appreciate the opportunity to speak to you today.
- Thank you Ms. Nichols, Chair of the California Air Resources Board (CARB) for your response to my recent letter regarding the treatment of Canadian oil sands crude under the proposed October 26, 2011, implementing measure for the Low Carbon Fuel Standard (LCFS).
- Also, I very much appreciate the availability and openness of CARB staff to speak with Government of Canada officials during the LCFS amendment process.

Government of Canada Position

- The Government of Canada supports California's efforts to reduce greenhouse gas (GHG) emissions.
- Canada is committed to taking action to reduce our own emissions while maintaining economic competitiveness.
- We were encouraged to see a number of improvements to the LCFS.
- Specifically, the replacement of a "two-basket" approach with a "baseline" approach, which eliminates the grandfathering and preferential treatment of crudes based on volume of supply.
- At the same time, questions remain about how the LCFS will be implemented, and whether some crudes could receive less preferential treatment under this approach.

- These questions have been articulated in a letter submitted within this formal rulemaking process to CARB by Canada's Department of Natural Resources and the Government of Alberta on December 9, 2011.

Implementation Issues

- As you move forward, I would urge the Board to ensure that the LCFS operates in a transparent manner and applies equal scrutiny and proportional treatment to crude oil sources.
- An amended LCFS should be based on an accurate accounting of lifecycle GHG emissions, encourage transparency from crude oil producers, and give credit to existing regulatory measures already in place, such as Alberta's carbon reduction regulations.
- Further, I would encourage CARB to consider how carbon intensity data will be collected and verified. The carbon intensity of crude oils used should not be based on unsubstantiated estimates or within overly broad regional averages.
- Finally, I would ask that CARB clarify what carbon intensity values will be used until the Life Cycle Assessment tool is finalized, and whether an extension of the advisory period may be issued for the 2012 calendar year.

Conclusion

- Canada is encouraged by the efforts of CARB to develop an open, transparent LCFS regulatory regime.
- We will continue to follow this process to ensure that the LCFS treats all crudes fairly, based on their actual GHG emissions, and that fuel derived from Canadian crude is not treated in a manner that is inconsistent with the United States' international trade obligations.
- Again, thank you for the opportunity to speak with you today. I look forward to continuing our positive dialogue with you.

Thank you for your time.

Cassie J. Doyle
Consul General