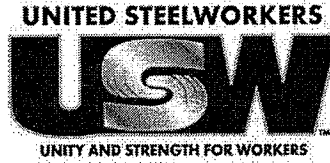


11-10-2 Lisa Hoyos  
Catherine Houston



December 15, 2011

Chairman Mary Nichols  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812

Re: Support of Modifications to Low Carbon Fuel Standard and Recommendations

Dear Chairman Nichols,

On behalf of the Blue-Green Alliance, the United Steelworkers and its members in the ten unionized California oil refineries, and Natural Resources Defense Council and its members and activists, we provide this letter identifying joint areas of support on the Low Carbon Fuel Standard and joint recommendations going forward.

All three organizations have been strong supporters of AB32 since its passage and worked actively to protect it against Proposition 23 in last year's election. We also share the goals of the Low Carbon Fuel Standard (LCFS) to attract investments in cleaner fuel production and to hold all products sold in the state to the highest standards possible. We want to see companies investing more in California to this end.

We thank Air Resources Board for their efforts to make improvements to the LCFS, including the high-carbon intensity crude oil (HCICO) provision. Specifically, we support the efforts made to modify the HCICO provision along the following lines:

1. **Ensuring a more level-playing field that raises the bar equally for both fuel importers and domestic producers.** Specifically, we understand that importers of all unfinished and finished products will be held to the same bar under the Low Carbon Fuel Standard's High Carbon Intensity Crude Oil Provision (HCICO) and will need to offset their emissions and introduce cleaner, alternatives just as California fuel producers are starting to do today. Doing so will prevent "leakage" of California's jobs and its market to imported fuels from states and countries that do not participate in similar programs.
2. **Providing refineries greater flexibility to buy and sell crude oils without penalty so long as the average performance does not worsen over time.** The proposed modifications "grandfather" the carbon-intensity of refineries rather than 2006 baseline

crude oil sources. Doing so provides greater flexibility for refineries to buy and sell crude oil as normal, with debits accrued only if actual performance worsens going forward. Greater environmental benefits will also be achieved since this new approach is more performance-based.

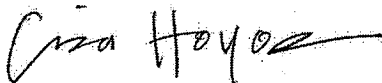
- 3. Providing incentives for upstream reduction activities that reduce crude oil production emissions.** We also support modifications that will provide credit for upstream reduction activities made by oil producers, increasing the flexibility even more to comply with the standard while encouraging projects that could occur in the State.

Going forward, we look forward to working with ARB to ensure that Low Carbon Fuel Standard implementation continues in a smooth manner. We recommend that ARB management establish a process for direct dialogue between labor and ARB, potentially through the BGA process, to ensure concerns or questions can be addressed on an on-going basis as AB32 is implemented.

We also recommend that ARB form a work group to identify and evaluate potential projects in California to reduce emissions at oil production facilities as well as investments that can be made in refineries to produce cleaner, renewable fuels. We believe California can become a major producer and exporter of clean fuel products, even as it moves to provide cleaner gasoline and diesel to markets here and abroad.

Thank you for the opportunity to provide input, and we look forward to working together on the successful and smooth implementation of the LCFS.

Sincerely,



Lisa Hoyos  
California Director  
BlueGreen Alliance



Rick Latham  
Sub-District Director  
United Steel Workers



Simon Mui  
Scientist, Clean Vehicles and Fuels  
Natural Resources Defense Council