

350.Org, American Lung Association in California, Breathe California, California Academy of Family Physicians, California Coastal Protection Network, California Interfaith Power & Light, California League of Conservation Voters, Californians Against Waste, Catholic Charities - Diocese of Stockton, Center for Energy Efficiency and Renewable Technologies, Center for Public Health and Climate Change, Central Valley Air Quality Coalition, Citizens for Pennsylvania's Future (PennFuture), Clean Power Campaign, Climate Protection Campaign, Coalition for Clean Air, Conservation Law Foundation, Corporate Ethics International, ENE (Environment Northeast), Energy Independence Now, Environment America, Environment California Research & Policy Center, Environmental Defense Fund, Focus Association for Sustainable Development - Slovenia, Fresh Energy, Friends of the Earth - Europe, Los Angeles County Medical Association Air Quality Committee, National Wildlife Federation, Oregon Environmental Council, Regional Asthma Management & Prevention (RAMP), San Mateo County Medical Association, Sierra Club California, Sierra Club Tehipite Chapter, The Nature Conservancy, The Wilderness Society, TransForm, Transport & Environment, Tri-Valley CAREs, UK Tar Sands Network, Union of Concerned Scientists

December 14, 2011

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

RE: Support for California's Low Carbon Fuel Standard

Dear Chairman Nichols,

The undersigned organizations write to voice their strong support for the California Low-Carbon Fuel Standard. These trusted organizations know that the standard will protect the health of Californians, cut our dangerous addiction to oil, and create jobs producing cleaner fuels to help meet our long-term climate goals.

We urge the California Air Resources Board to reject oil industry attempts to weaken the standard and to strengthen the proposed dirty fuels provision. We commend the staff's progress in implementing this landmark law and urge you to direct staff to continue implementing the rule on the schedule you established with the LCFS's adoption in 2009.

Your action this month sends important signals – to industry, other states, and other nations. The world is watching to see if you will continue your leadership role in adopting and implementing policies that advance next-generation, non-petroleum fuels – fuels that are needed for California’s and the globe’s long-term sustainability.

Strengthen the High Carbon Intensity Crude Oil (HCICO) or “Dirty Fuels” Provision

The oil industry wants to weaken a critical provision under the LCFS that fairly and appropriately accounts for dirtier fuels. The oil industry is asking ARB to ignore the additional emissions from these dirtier sources such as Canadian tar sands that are now being imported into the state. In essence, industry is asking for an exemption – special treatment – for its dirty fuels even though other cleaner fuels have to properly account for their true emissions. We can’t transition to cleaner fuels if dirtier fuel sources receive a free pass.

We strongly support proper accounting for these dirty fuels sources. Moreover, we urge the board to strengthen staff’s proposal by requiring each refinery or importer to California to be responsible for its own HCICO use, rather than spreading the burden across all of them. Requiring individual refinery accounting will ensure that each refinery is directly responsible to offset its own, additional carbon pollution.

Stay the Course: Fight the oil industry status quo

The LCFS is only in its first compliance year – and already oil companies are showing they would rather fight to delay and weaken the targets than invest in cleaner fuels. With over 95% of the fuels market dependent on oil and the five largest oil companies with operations in California earning nearly \$100 billion in profits annually, why would they want change?¹ They would rather maintain the status quo than invest in cleaner, alternative fuels that so many California-based clean fuel companies are ready to supply to meet the LCFS.

Send a strong signal to ensure oil companies invest

Oil companies tout their clean fuel investments in paid ads, but in fact, for every dollar they spend to produce more oil, they spend only a fraction of a penny on alternative clean fuel technologies.² The LCFS fills a critical gap by ensuring oil companies are actually investing significantly in alternatives as opposed to just saying they are.

Listen to the nascent clean fuels industry: “Fuels are available”

Many California and U.S.-based companies are ready to produce clean fuels to meet the standard. But they need regulatory certainty to ensure investment. These electricity, renewable biofuels, natural gas, and renewable hydrogen suppliers have the technologies. We are depending on you to ensure the LCFS stays strong so there’s a market for these clean alternatives that are as cost-effective as oil for consumers, and can come largely from domestic sources so they reduce our dependence on foreign oil.

¹ Average, annual profits from 2006 to 2010 from BP, Chevron, ConocoPhillips, ExxonMobil, and Shell as reported in their annual financial reports.

² International Energy Agency, *World Energy Outlook 2009* together with Bloomberg New Energy Finance data.

The LCFS is already successful and will continue to spur much-needed investment and innovation in clean alternative and non-petroleum fuels over the next decade. In doing so, it will also create much-needed clean fuel jobs that will aid California's economic recovery.

Much is at stake. As the staff continues to fine-tune implementation details, the standard is working as envisioned and our domestic, clean fuels industry is gaining momentum in response to the regulatory signals you sent in 2009. Stay the course to ensure regulatory certainty and progress toward our much-needed health and environmental goals.

Thank you for your consideration.

Sincerely,

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