

## Priorities for LCFS Advisory Panel

By: Jurgen Weiss, The Brattle Group

Date: March 15, 2011

Please find below my priorities for work conducted by the LCFS Advisory Panel.

1. Ensure proper understanding of the purpose of the LCFS (as a separate program under the programs associated with AB 32)

I think it is important, as was mentioned in the first meeting, that clarity be reached about the specific purpose of the LCFS. In particular, is the major goal to remove barriers that prevent the development of lower carbon fuels, to provide additional financial support mechanism (for example as an analogous measure to the 33%RPS for power on the transportation side, given that AB 32 contains carbon pricing directly, some other goal, or the combination of all of the above. A proper understanding of the goal is likely a fundamental pre-requisite for the panel's work in assessing progress. For example, if removing barriers is a/the primary goal, then progress can occur even if actual fuel production from lower carbon fuel falls short of the established targets.

2. Ensure program design and implementation that maximizes economic efficiency of accomplishing the LCFS

During the first meeting there was a fair amount of discussion about the economic impact of the LCFS. My priority as an economist is to ensure that, given the goal (see #1 above), the implementation of the LCFS allows for an efficient means of accomplishing these goals. For example, if overcoming barriers is the primary goal, adjustments to the compliance schedule (item 2 of the 13 items in the scope of work), changes to the definitions of eligible fuels, etc. could be considered an important adjustment mechanisms. Similarly, a goal of minimizing the economic impact on the CA economy (related to item 8 in the scope of work) would and should impact item 2 as well as lead to the consideration of other program elements, such as the administrative burden related to program implementation and imposed on compliance entities.