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Michelle Buffington
California Air Resources Board

September 12, 2011

Dear Michelle,

Poet Ethanol Products would like to submit its comments on several of the chapters presented to the Workgroup at the August 25-26 Advisory Panel meeting.

Chapter 4, Technology Assessment Outline: The majority of this document does a good job of describing the various facets of the technological hurdles and breakthroughs that are critical to the success of the LCFS. We do take issue though with the thought on page 24 of the draft, Section IV B. D. 1, that says "The RFS2 provisions are complimentary to the LCFS in that the technology required to produce the amounts of fuel required by the LCFS are the same technology required to produce the RFS2 fuels." In fact, the RFS2 allows for a grandfathering of existing volumes and technologies of Renewable Fuel to ensure the ongoing availability of transportation energy while other technologies are being developed and to safeguard the investments of the individuals and firms that have pioneered the production of first generation biofuels. RFS 2 also uses different metrics to judge the carbon footprint of energy production processes and does not treat energy produced in different parts of the United States differently.

Chapter 5, Lifecycle Analysis Outline: We believe it would be useful in this chapter to introduce the concept of how advances in the analysis are incorporated into the LCFS pathways. At a number of turns, the issue has arisen regarding when or how to make adjustments to baselines and existing credits when updated analytical tools and models become available. Because CARB has stated that the values represented in the existing pathways and regulations were based on the best available science at the time, it does not seem as though making retroactive adjustments is advisable or even practical. By making revisions on a prospective basis, say annually, it would not only streamline the inclusion of the advances in technology but would also give regulated parties a consistent schedule to know when the pathways or regulatory requirements were going to change.

Chapter 6, Targets and Adjusting the Compliance Schedule Outline: As stated in our July 15, 2011 comments to CARB on the Fuel Forecast topic, Poet Ethanol Products still believes flexibility will have to be offered to regulated parties for meeting compliance obligations given the much delayed development of what are generally referred to as ultralow carbon fuels. Regulations seldom become better as they grow more complex, so expanding the definition of who can generate credits, when, or how many, should all be alternatives that are reserved for consideration after proving that more straightforward approaches have not worked.

CARB is already considering mechanisms that would continue to allow the current CA crude slate to flow into its energy portfolio, while looking for ways to incentivize producers to take steps to lower of its carbon intensity. Similarly, we would encourage CARB to take steps toward allowing existing grain-based ethanol from the Midwest to demonstrate its lower carbon intensity through more specific inputs into the CA-GREET model; most notably in the area of feedstock production or farming practices. CARB has been reluctant to follow the European Union's lead on this matter under the reservation that better farming practices today are not guaranteed to persist through time. We believe there are a number of alternatives that can be implemented within the existing fuel pathway structure that would allow for this additional level of precision. I would welcome the opportunity to discuss these alternatives with staff. Understanding what more clear-cut adjustments like these and the HCICO provisions will make to the regulated parties' ability to meet the compliance schedule should be undertaken before more elaborate alternatives are considered.

Sincerely,

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