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**Golden Eagle Refinery**

150 Solano Way  
MARTINEZ, CA 94553-1487

September 14, 2011

Michelle Buffington  
Air Pollution Specialist  
California Air Resources Board  
1001 "I" Street  
P.O. Box 2815  
Sacramento, CA 95812

*Submitted Via: Arb.ca.gov Workshop Comments Submittal Form*

**Re: Advisory Panel Chapter and Outline Comments (8/24-8/25)**

Dear Michelle:

Tesoro Corporation is an independent refiner and marketer of petroleum products. Tesoro operates seven refineries in the western United States with a combined capacity of approximately 660,000 barrels per day. We operate the Golden Eagle refinery in Martinez, CA and the Los Angeles Refinery located in Wilmington, CA, and are the second largest refiner of clean fuels for the state of California.

Tesoro is a member of the Western States Petroleum Association (WSPA) and has participated in the development of WSPA's comments on your draft technology assessment chapter and chapter outlines released at the last LCFS Advisory Panel meetings. Tesoro concurs with comments submitted by WSPA and we would also like to provide you with the following comments on our behalf.

**Meeting the Targets and Assessment of Need to Adjust Compliance Schedule**

We strongly oppose the incorporation of any "alternative compliance" mechanism in the LCFS regulation. If compliance with the LCFS Targets is not possible then those targets need to be revised to make compliance possible. We suggest that compliance "off-ramps" be included in the LCFS regulation so that if the California supply and consumption of low CI fuels does not hit specific benchmarks during the early years of the LCFS program the compliance targets are automatically revised. Any mechanism for revising the LCFS targets must include leadtime that is sufficient to prevent disruptions in the California transportation fuels market. In the current version of the

Advisory Panel, this means that all infeasibilities that may occur in the next 4years need to be fixed in the upcoming December review.

### **Technology Assessment, Supply, and Availability**

It is imperative that CARB as part of the Advisory Panel process complete a credible, balanced determination of availability of alternative fuels to meet the LCFS over the next 4-5 years. And that analysis must also include the expected added costs for compliance. The LCFS is premised on the reliable commercial availability of quantities of low CI alternative fuels in order for the regulation to be viable. CARB has a responsibility to the citizens of the state of California to complete such an evaluation before making a recommendation to move forward and continue to require compliance with the LCFS. CARB and the Advisory Committee must understand and quantify the ability of and cost to the state to implement this landmark regulation as part of the Advisory Committee process.

Without a realistic assessment of how California fuel producers would comply with the LCFS, we can not see how CARB Staff can make any conclusion other than the LCFS is infeasible.

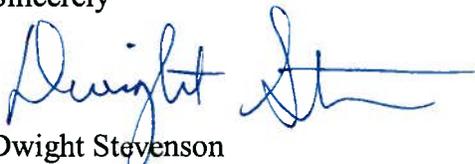
### **Environmental Chapter**

We believe that state and regional programs such as California's Low Carbon Fuel Standard (LCFS) are inherently inefficient as they will generally promote the "shuffling" of certain types of biofuels from one area of the U.S. or even the world to California without any net GHG reductions. To the extent that these fuels would otherwise be produced and consumed near their production sources, this "shuffling" leads to increased rather than decreased greenhouse gas emissions which is a result directly at odds with the stated purpose of the LCFS regulation. We expect this negative environmental impact to result directly from the California LCFS compliance and as such, we believe that the Board needs to be advised of this potential effect. Our revision of this chapter includes a reasonable discussion of this.

### **Revisions to Chapters**

We are sending you suggested "track-changes" revisions for four chapters by email. These changes cover the inclusion of our above points into the chapters to advise CARB Board of the uncertainties and expected negative outcomes of the LCFS.

Sincerely

A handwritten signature in blue ink, appearing to read "Dwight Stevenson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dwight Stevenson  
Clean Products Advisor