



Western States Petroleum Association

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Catherine H. Reheis-Boyd

President

January 25, 2012

Clerk of the Board

Air Resources Board

1001 I St

Sacramento, CA 95814

Via e-mail to <http://www.arb.ca.gov/lispub/comm/bclist.php>

**Re. Western States Petroleum Association's Comments on CARB Board Hearing Agenda  
Item # 12-1-2 – Public Hearing to Consider Amendments to the Clean Fuels Outlet  
Regulation**

Dear Clerk of the Board:

The Western States Petroleum Association (WSPA), is a non-profit trade association representing twenty-six companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California and five other western states.

WSPA has actively participated in the California Air Resources Board's (ARB's) Clean Fuels Outlet (CFO) regulatory amendment workshops and meetings over the past two years. During the July 13<sup>th</sup>, 2011 workshop, WSPA and WSPA members expressed strong policy, technical, economic, environmental and legal concerns with staff's outline of proposed revisions to the CFO regulation; most notably the fact that CARB is proposing to target "gasoline producers and importers" as the regulated party responsible for creating a hydrogen retail infrastructure.

WSPA also has been an active and productive participant in the Hydrogen Infrastructure Collaborative Workgroup ("workgroup") composed of, but not limited to, the California Fuel Cell Partnership, auto manufacturers, hydrogen fuel providers including equipment suppliers, environmental organizations, the California Energy Commission, South Coast Air Quality Management District, representatives of the University of California Davis and Irvine, the International Clean Cars & Transportation and ARB. Over the past few months, the workgroup has diligently worked together in understanding the technology, equipment, and most

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importantly funding challenges and costs necessary to make an effective business case for hydrogen (H2) infrastructure deployment.

At our recent workgroup meetings, WSPA was both encouraged that the workgroup was working toward developing a funding strategy based on utilizing/expanding existing state hydrogen programs such as the AB 118 program, and was supportive of this approach. Thus, we continue to question why ARB feels there is a need for continued pursuit of the CFO regulatory amendment rulemaking.

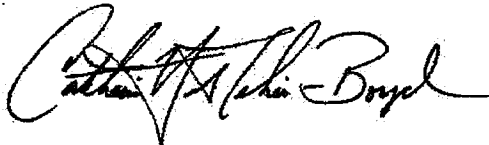
WSPA urges ARB to withdraw the CFO regulation and continue to support the collaborative efforts and goals of the workgroup. WSPA continues to oppose ARB's proposed CFO regulatory mandate and submits the attached comments and supporting documents to express our opposition as well as identify the deficiencies with staff's proposed regulatory amendment package.

A mandate as proposed in the regulation will provide none of the certainty in infrastructure development that the Board and automakers are seeking. Forcing infrastructure investments from non-interested parties will likely result in certain legal challenges.

For that reason, WSPA strongly urges the ARB Board to deny approval of the proposed Clean Fuel Outlet amendments, and instead pledge to work within the Hydrogen Collaborative framework to progress the installation of hydrogen infrastructure in the state – commensurate with the level of fuel cell vehicles sold in the state in the most cost-effective manner to meet consumer needs.

If you have any questions, please contact me at (916) 498-7752.

Sincerely,

A handwritten signature in black ink, appearing to read "Catherine A. Boyd". The signature is fluid and cursive, with the first name "Catherine" being more legible than the last name "Boyd".

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c.c. Nancy McFadden, Executive Secretary, Office of the Governor  
Cliff Rechshaffen, Senior Advisor, Office of the Governor  
Matt Rodriquez, Secretary, California Environmental Protection Agency  
Mary Nichols, Chairwoman, California Air Resources Board  
James Goldstene, Executive Officer, California Air Resources Board  
CARB Board