State of California
AIR RESOURCES BOARD

Regulation on the Commercialization of Alternative Diesel Fuels

Resolution 15-5

February 19, 2015

Agenda Item No.: 15-2-3

WHEREAS, sections 39600 and 39601 of the Health and Safety Code authorize the Air Resources Board (ARB or Board) to adopt standards, rules, and regulations and to do such acts as may be necessary for the proper execution of the powers and duties granted to and imposed upon the Board by law;

WHEREAS, sections 39667, 43013, and 43018 of the Health and Safety Code authorize the ARB to adopt regulations on vehicle fuel specifications;

WHEREAS, section 43101 of the Health and Safety Code authorizes the ARB to adopt and implement emission standards from new motor vehicles that are necessary and technologically feasible;

WHEREAS, section 43830.8 of the Health and Safety Code requires ARB, when adopting a regulation that establishes a specification for motor vehicle fuel, to put the regulation through a multimedia evaluation as specified in the statute;

WHEREAS, the Board believes that greenhouse gas emission reductions are anticipated to occur from the use of diesel fuel substitutes, such as biodiesel and renewable diesel, that exhibit lower lifecycle carbon intensity values relative to diesel fuel thereby reducing the effects of climate change and the associated potential adverse impacts identified in Health and Safety Code section 38501(a);

WHEREAS, the Board adopted standards for motor vehicle diesel fuel (i.e., CARB diesel) in section 2281 et seq., title 13, California Code of Regulations (CCR);

WHEREAS, staff has proposed a regulation on the Commercialization of Alternative Diesel Fuels, as set forth in Appendix A to the Initial State of Reasons (ISOR) released to the public on December 30, 2014 and additional suggested modifications to the original proposal as set forth in Attachment A to this resolution;

WHEREAS, the ISOR and proposed regulatory language was made publicly available for at least 45 days prior to the public hearing to consider the proposed regulation;

WHEREAS, the Board recognizes that there is a general lack of regulatory guidance affecting new emerging motor vehicle diesel fuel substitutes and also recognizes a need for streamlined and consolidated requirements for new emerging alternative diesel fuels;

WHEREAS, ARB seeks to ensure that the use of biodiesel and other alternative diesel fuels, in addition to reducing greenhouse gas (GHG) emissions, does not increase vehicular emissions of criteria pollutants or toxic air contaminants, and that their use also supports California's continuing efforts to improve ambient air quality;

WHEREAS, staff has coordinated closely with local air quality agencies to ensure the protection of local air quality as a result of the proposal;

WHEREAS, staff conducted seven public workshops on the proposal which were attended by representatives of other State and local agencies, academics, industry groups, and non-governmental organizations;

WHEREAS, ARB, as the lead agency for the proposed regulation, has prepared a Draft Environmental Analysis (EA) under its certified regulatory program (California Code of Regulations, title 17, §§ 60000 through 60008) to comply with the California Environmental Quality Act (Pub. Resources Code § 21080.5 et seq.), included the Draft EA as Appendix D to the ISOR, and provided opportunity for public comment on the Draft EA for at least 45 days, from January 2, 2015 through February 17, 2015;

WHEREAS, the Draft EA evaluated potential significant adverse and beneficial impacts from implementation of both the proposed LCFS regulation and the regulation for Commercialization of Alternative Diesel Fuel, and stated that the regulations could result in beneficial impacts to GHGs through substantial reductions in emissions from transportation fuels in California from 2016 through 2020 and beyond, long-term beneficial impacts to air quality through reductions in criteria pollutants, and beneficial impacts to energy demand; could result in less than significant or no impacts to mineral resources, population and housing, public services, and recreation; could result in significant and unavoidable adverse impacts to aesthetics, agriculture resources, biological resources, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, land use and planning, noise, transportation and traffic, and utilities, and short-term construction-related air quality impacts primarily related to reasonably foreseeable construction projects and minor expansions to existing operations; and could also result in significant cumulative impacts in certain resource areas;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby directs the Executive Officer to take the following actions:

1. Make any modifications in the proposed regulatory language (including, as appropriate, those modifications generally described in Attachment A), along with any additional supporting documents and information, available for public comment for a period of at least 15 days, and consider written

comments submitted during the public review period and make any further modifications that are appropriate available for public comment for at least 15 days.

2. Evaluate all comments received during the public comment periods, including comments raising significant environmental issues, and prepare written responses to such comments as required by ARB's certified regulatory program at CCR, title 17, sections 60000-60007 and Government Code section 11346.9(a).

3. If appropriate, prepare and circulate any further environmental analysis to the extent required by ARB's regulations at CCR, title 17, sections 60000-60007, and as necessary, consider all feasible mitigation or alternatives that could eliminate or substantially lessen any significant adverse environmental impacts identified.

4. Present to the Board, at an expeditiously scheduled public hearing, staff's written responses to any comments raising significant environmental issues, along with the final environmental analysis, for consideration for approval; and

5. Present to the Board, at an expeditiously scheduled public hearing, the proposed regulation on the Commercialization of Alternative Diesel Fuels for consideration for adoption.

I hereby certify that the above is a true and correct copy of Resolution 15-5 as adopted by the Air Resources Board.

Tracy Jensen

Tracy Jensen, Clerk of the Board

Resolution 15-5

February 19, 2015

Identification of Attachments to the Board Resolution

Attachment A: Staff's Suggested Modifications to the Original Proposal (Distributed at the February 19, 2015 ARB hearing)

Attachment A

CONSIDERATION OF THE PROPOSED REGULATION FOR THE COMMERCIALIZATION OF ALTERNATIVE DIESEL FUELS

Staff's Suggested Modifications to the Original Proposal

PRESENTED AT THE FEBRUARY 19, 2015 HEARING
OF THE AIR RESOURCES BOARD

Note: Shown below is a list of the staff's tentative suggested modifications to the originally proposed regulatory text set forth in Appendix A to the Staff Report: Initial Statement of Reasons, released December 30, 2014. Any changes that are actually proposed in the regulatory text will be made available for public comment for a period of at least 15 days.

Conceptual List of Possible Modifications to the Original Proposal

Consider developing an exemption for the direct sale of B20 to captive fleets whose use would not adversely impact the air quality of the air basin in which they operate.

Include ASTM D7170 and ASTM D7668 as cetane measurement methods.

Delete Diesel Substitutes definition; replace the term "diesel substitutes" with the term "fuels" under definition 21.

Change label of 2293.6(a)(4) to "Sunset of Biodiesel In-use Requirements".

Clarify that certification of ADF formulations may account for production processes as well as the use of different feedstocks or other innovative approaches.