



Air Resources Board



Matthew Rodriguez
Secretary for
Environmental Protection

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Edmund G. Brown Jr.
Governor

June 5, 2014

Mr. David Bearden
General Counsel and Secretary
Growth Energy
777 North Capitol Street NW
Suite 805
Washington, D.C. 20002

Dear Mr. Bearden:

Thank you for your May 30, 2014, letter to Ms. Kirsten King of my staff inquiring about the timeline for submitting suggested alternatives to the Low Carbon Fuel Standard (LCFS), currently codified at California Code of Regulations, title 17, section 95480 et seq. In case others have similar questions, we are providing two additional weeks and plan to post this response on our website today.

We are in the process of re-proposing the LCFS for consideration by Air Resources Board (ARB). Your letter asks what benefits the re-proposed LCFS seeks. The specific benefits we wish the LCFS to achieve remain those set out in the 2009 Initial Statement of Reasons from the original LCFS adoption, which you can find at <http://www.arb.ca.gov/regact/2009/lcfs09/lcfsisor1.pdf>. In short, the regulation is intended to reduce the carbon intensity of transportation fuels used in California by at least 10 percent by 2020 from a 2010 baseline; reducing carbon intensity is expected to reduce greenhouse gas (GHG) emissions and support the development of a diversity of cleaner fuels with other attendant co-benefits. Promoting innovation may yield even greater future benefits in terms of GHG emissions, air quality, and diversity of fuels, all of which we believe support a resilient economy.

Your letter also indicates that you are not aware of any draft regulatory proposal on which you can comment. At present, the LCFS has been on the books for several years. In addition, we have conducted publicly-announced workshops to introduce proposed changes in March, April, May, and June of 2013 and again in 2014 in March (including a concept paper dated March 7, 2014), April (four workshops), and May 2014. More information is available at http://www.arb.ca.gov/fuels/lcfs/lcfs_meetings/lcfs_meetings.htm. To the documents

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

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provided at those workshops, we added specific proposed regulatory language relating to contemplated changes to the existing LCFS, posting six handouts at the website noted above on May 28, 2014, for discussion at a May 30th workshop and subsequent feedback.

If you or your members wish to submit comments regarding alternatives to the LCFS, please submit alternatives to the existing regulation as proposed to be amended per the March 7th concept paper and the specific proposed regulatory language released May 28th. Although no one is obligated to submit any comments, we will consider suggestions or alternatives that you or your members submit as the rulemaking process unfolds. Please note that failing to submit ideas now will not preclude later comments and suggestions you or your members may want to make.

Under legislation recently enacted as Senate Bill 617 (Chapter 496, 2011) and subsequent regulations codified at California Code of Regulations, title 1, sections 2000 et seq. (Department of Finance regulations) we will be analyzing the economic effect of the to-be-reproposed LCFS. The timelines under those regulations do not entirely align with the normal rulemaking process under California's Administrative Procedures Act (APA), and require ARB staff to prepare an economic analysis of the LCFS regulation before it has been formally proposed under the APA. Fortunately, because the LCFS has been in the code books for several years, we are able to begin the rigorous economic analysis required by the Department of Finance regulations.

Our approach is within the requirements and spirit of SB 617 and Department of Finance regulations. As part of our effort we asked those who wish to assist us in proposing and analyzing alternatives to the LCFS to submit their ideas and analyses by June 6th – in time to be considered in connection with the Standardized Regulatory Impact Analysis we are preparing for submittal to the Department of Finance. In light of your questions and request for additional time, we will extend the time for submitting alternative(s) and analysis to June 23, 2014. If received in time, we will consider your input in our submittal to the Department of Finance. In any event, please be assured that we will consider your submittal as we go forward with proposing and analyzing a new LCFS over the next few months. For more information on SB 617, please see the Department of Finance's implementing regulations at title 1, sections 2000-2004 of the California Code of Regulations (available at [https://govt.westlaw.com/calregs/Browse/Home/California/CaliforniaCodeofRegulations?guid=I3F8EE070481811E3A6E48D2522760836&transitionType=Default&contextData=\(sc.Default\)#I401F60A0481811E3A6E48D2522760836](https://govt.westlaw.com/calregs/Browse/Home/California/CaliforniaCodeofRegulations?guid=I3F8EE070481811E3A6E48D2522760836&transitionType=Default&contextData=(sc.Default)#I401F60A0481811E3A6E48D2522760836)).

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Thank you again for writing. If you have any questions or comments, please contact me at (916) 322-6020 or by email at mwaugh@arb.ca.gov. Alternatively, you may contact Ms. Kirsten King, Air Pollution Specialist, Fuels Evaluation Section at (916) 327-5599 or by email at kking@arb.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael S. Waugh". The signature is written in a cursive style with a large initial "M".

Michael S. Waugh, Chief
Transportation Fuels Branch

cc: Kirsten King, Air Pollution Specialist
Fuels Evaluation Section