



Western States Petroleum Association
Credible Solutions • Responsive Service • Since 1907

Thomas A. Umenhofer, CCM, REPA
Vice President

February 15, 2017

Mr. Sam Wade
Branch Chief
California Air Resources Board
1001 I Street
Sacramento, California 95814

sent via email: LCFSworkshop@arb.ca.gov

Re: WSPA Comments on ARB December 19, 2016 LCFS Verification Governance and Impartiality Considerations Working Session

Dear Sam,

The Western States Petroleum Association (WSPA) appreciates this opportunity to provide initial feedback on the California Air Resources Board (ARB) staff presentation at Low Carbon Fuel Standard (LCFS) Verification Governance and Impartiality Considerations Working Session, held on December 19, 2016 in Sacramento, CA. WSPA is providing these comments as part of a continuous effort to provide feedback on the LCFS-related items presented by ARB. WSPA is a non-profit trade association representing companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California and four other western states.

Verification Body Rotation Requirements

WSPA suggests that ARB consider including two elements into the Verification Body rotation requirements that would increase the availability of qualified entities on a sector-specific basis:

- **Use of verification bodies that do other work for obligated parties.** WSPA also requests that ARB explore the concept of allowing companies to perform verification services to an obligated party even if they provide separate consulting services to that same obligated party. Verification services and consulting services tend to be separate divisions and personnel in many firms.
- **Rotation of lead verifier and verification team.** WSPA would request that ARB consider the concept of allowing a verification company to maintain a verification relationship with an obligated party as long as the Lead Verifier and verification team is changed on a periodic basis (i.e., every six years). In doing so, the ARB benefits from: (1) the consistency in an experienced verification company and (2) a fresh look at the obligated party's reporting by a Lead Verifier and verification team rotated in on a certain schedule.

Clearly for either of the above two suggestions to work, the verification companies must have the necessary accounting practices and firewalls established to provide desired services without compromising the integrity of those services. WSPA believes that these safeguards can be and have been, in some cases, already implemented. One such relationship already exists in the USEPA fuels reporting program where consultants provide both attestation services and distinct consulting services without issue.

This flexibility in the verification body rotation requirements should result in an increase of qualified verifiers to be available to obligated parties for performing the verification services and will improve the qualification of the verifiers by allowing experts in that industry to perform verifications. Currently, some of the most qualified consultants for verification may have been eliminated from availability to provide these services because they have existing relationships with the obligated parties.

Model or Program Elements Adaptability

ARB requests in Slide 19 stakeholder feedback on which model or program elements best responds to the geographic breadth and range of pathway complexity. The standards cited are not specific to fuels or pathways. Therefore, some explanation by ARB staff as to how these standards would be applied to fuels and pathways would be helpful in advance of WSPA providing feedback on this topic.

Meaning of “Mass Balance”

It is requested that ARB clarify the meaning (and use) of the term “mass balance” (a point of confusion that has also been identified in other Working Sessions). It appears that ARB is referring to a “volume balance” as a “mass balance”.

WSPA appreciates this opportunity to provide our initial input regarding the LCFS Verification Governance and Impartiality Considerations Working Session. If you have any questions, please contact me at (805) 701-9142 or via e-mail at tom@wspa.org.

Sincerely,

