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# AB 32 Implementation Group

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Working Toward Greenhouse Gas Emission Reductions  
And Enhancing California's Competitiveness

January 22, 2009

Hon. Mary D. Nichols  
Chair, California Air Resources Board  
1001 I Street  
Sacramento, CA 95814  
Via email

**RE: Low Carbon Fuel Standard**

Dear Chair Nichols:

AB 32 Implementation Group is a coalition of more than 185 organizations that supports a plan to meet AB 32 greenhouse gas (GHG) emission reduction goals which will protect jobs, keep costs low for consumers, and grow the California economy. Since the California Air Resources Board (CARB) is about to begin the first of its 2009 workshops the AB 32 Implementation Group believes the development of a sound policy process is essential.

The Low Carbon Fuel Standard (LCFS) is the first major regulation in the series of rules necessary to implement the AB 32 Scoping Plan. The process surrounding evaluation and adoption of the LCFS will set the tone and standard for future rulemaking, so it's important that this process meets the assurances offered by CARB during Scoping Plan development, and satisfies stakeholders' and the public's concerns about economic impacts and practical feasibility.

We believe it is imperative that this regulation undergoes the detailed review and analysis that the Board stated would occur when it approved the Scoping Plan in December, described as follows.

*"Most of the measures in this Proposed Scoping Plan will be implemented through the full rulemaking processes at ARB or other agencies. These processes will provide opportunity for public input as the measures are developed and analyzed in more detail. This additional analysis and public input will likely provide greater certainty about estimates of costs and expected greenhouse gas emission reduction..."*  
(Scoping Plan Page 9)

As a fuel regulation, the Low Carbon Fuel Standard is also subject to more rigorous review under Section 43103 of the Health and Safety Code to ensure that new fuel formulations do not disrupt fuel supplies or inadvertently harm California's air and water resources. As you are probably aware, the Legislature placed these consumer protections into law to prevent the reoccurrence of supply and environmental problems that occurred when CARB implemented past changes to fuel formulations. Specifically, the law requires CARB to undertake the following reviews on new fuel standards prior to their adoption:

- Determine the availability, effectiveness, reliability and safety of the fuels expected to be used to meet the LCFS.
- Conduct multi-media environmental reviews to ensure there will be no adverse impact to California air and water resources and to public health.
- Determine the cost-effectiveness of the LCFS.
- Determine the effect on availability and cost of conventional fuels, especially in the event fuels mandated under LCFS have not been developed or cannot be produced and delivered in sufficient quantities to meet the required usage levels.
- Document the impact of the proposed LCFS on fuel efficiency, and on the existing motor vehicle distribution system.
- Analyze how the LCFS will impact key segments of the California economy such as trucking, railroads, fleet operators, construction industry and agriculture.
- Determine the cost to consumers.
- Conduct extensive testing in consultation with vehicle manufacturers, truckers, fleet operators and others to determine how low carbon fuels will impact product availability, vehicle performance and equipment reliability.

New fuel formulations can deliver significant environmental benefits, but come with serious and very real risks. As required by law, these risks can best be managed by CARB engaging key stakeholders and consumers in comprehensive review, discussion and development of strategies to minimize problems before mandates are finalized and implemented.

Now more than ever, in these uncertain economic times, it is important to exercise extensive diligence in the rulemaking process to maximize cost-effectiveness and instill public confidence.

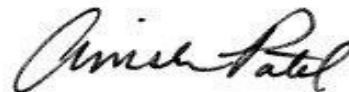
We would be very interested to understand how your Agency is planning to satisfy these consumer protection requirements within the timeframe that staff has suggested. We would be pleased to discuss the process with you in more detail at your earliest convenience.

Thank you for your consideration.

Sincerely,



DOROTHY ROTHROCK  
Co-Chair, AB 32 Implementation Group  
Vice President  
California Manufacturers & Technology Association



AMISHA PATEL  
Policy Advocate  
California Chamber of Commerce  
Co-Chair, AB 32 IG

cc: Mary Nichols, California Air Resources Board  
James Goldstene, California Air Resources Board  
Chuck Shulock, California Air Resources Board  
Victoria Bradshaw, Governor's Office  
David Crane, Governor's Office

Linda Adams, CALEPA  
Cindy Tuck, CALEPA  
John Moffatt, Governor's Office  
Darren Bouton, Governor's Office  
Dan Pellissier, CALEPA