



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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STEPHEN R. MAGUIN
Chief Engineer and General Manager

August 19, 2009
File No.: 31-220.10

Clerk of the Board
Air Resources Board
1001 "I" Street, 23rd Floor
Sacramento, California 95814

Dear Sir or Madam:

Comments on Modified Regulation Order Low Carbon Fuel Standard Regulation

The Sanitation Districts of Los Angeles County (Sanitation Districts) appreciate this opportunity to comment on the CARB Modified Regulation Order for the Low Carbon Fuel Standard Regulation (LCFS), adopted and modified in April 2009, and supporting documents, including CARB's Resolution 09-31, dated April 23, 2009, Attachment B: Public Hearing to Consider Adoption of a Proposed Regulation to Implement The Low Carbon Fuel Standard, and the Notice of Public Availability of Modified Text and Availability of Additional Documents.

The Sanitation Districts have previously made comments regarding the LCFS: two letters addressed to CARB, dated July 15, 2008, "Comments on Proposed Concept Outline" and December 16, 2008, "Comments on Proposed Draft," and one letter addressed to Ms. Mary Nichols, dated February 23, 2009, "Consideration for Waste-Derived Alternative Fuels." We also presented testimony at the adoption hearing. The Sanitation Districts wish to thank CARB for including some of our previous comments, and submit the following comments on the Modified Regulation Order:

1. We support the modified language in Section 95484(d)(2) that allows fuel producers who do not fall within the definition of "regulated party" to demonstrate or provide sufficiently-detailed demonstrations of the delivery methods comprising the physical pathway. This will help lessen the burden for a regulated party when trying to obtain approval for a pathway that has not been developed and adopted in the LCFS regulation.
2. We support the modified language in Section 95485(c)(1)(B) and (C), which provides clarification that a non-regulated party may purchase, sell or trade LCFS credits that are exported from the LCFS program from a regulated party

for compliance with other greenhouse gas reduction initiatives including, but not limited to, programs established pursuant to AB 32.

3. We support retaining the existing language for Method 2A and 2B as outlined in Section 95486(c) and (d), as a mechanism for a regulated party to submit to CARB additional fuels and fuel pathways for review and certification of carbon intensity (CI) values.
4. We support the addition of Section 95490, which allows the Executive Officer to enter into an enforceable written protocol with a regulated party under which the party may comply with the recordkeeping, reporting, and demonstration of physical pathway requirements in the LCFS under mechanisms equivalent to those specified in the regulation.

The Sanitation Districts request the following changes/additions to the Modified Regulation Order:

- i. We recommend the terms “Biodiesel” and “Renewable diesel” as defined in Section 95481(a)(3)(E) and Section 95481(a)(40)(D), respectively, be revised to read, “Derived from nonpetroleum renewable resources, including, but not limited to, municipal wastewater treatment solids.”
- ii. We recommend removing the requirement to meet 13 CCR Section 2292.5 for the term “biogas” as defined Section 95481(a)(5), and including this requirement for the term “biogas CNG” as defined in Section 95481(a)(6).

The Sanitation Districts oppose the proposal in the Modification Regulation Order to adopt the look-up tables and the carbon intensity (CI) values (Table 6 and Table 7) in Section 95486(b)(1):

- a. Table 6 and Table 7 include only limited fuel pathways and CI values developed between the initial published proposed concept outline for the LCFS in March 2008 and the current Modified Regulation Order, available for public review on July 20, 2009. These two tables will evolve drastically once regulated parties are given the opportunity to submit for approval alternative fuel pathways for low carbon fuels that have not yet been considered. It is inefficient to adopt the two tables and the CI values into the regulation knowing it will be amended and expanded soon after the adoption of the Modified Regulated Order (and continually thereafter). The traditional regulatory amendment process is both extensive and time consuming. This could stagnate the alternative low carbon fuels industry that relies on the incentives in regulations such as the LCFS regulation to help enter the

transportation fuel market. Slowing down the industry that is trying to infuse low carbon fuel into the market goes against the goal of the LCFS to accelerate the reduction of carbon intensity of California's transportation fuel supply by ten percent come 2020.


- b. Table 6 and Table 7 do not include fuel pathways and CI values for low carbon fuels that are alternative substitutes for gasoline or diesel, such as fuels derived from renewable biomass, such as CNG/LNG/hydrogen/electricity from wastewater digester gas, or any pathways for fuels from greenwaste, biosolids, and crops from marginal lands. The Sanitation Districts previously recommended that waste-derived alternative fuels should be explicitly recognized and incentivized in the LCFS. Adoption of these two tables without the inclusion of fuel pathways from waste-derived fuels will only make it more difficult for this important segment of the potential low carbon producing industry to enter the market.

To reiterate, the Sanitation Districts strongly recommend Table IV-20 and Table IV-21 and the CI values remain as references for regulated parties to utilize as a guide, as intended in the original regulation language.

The Sanitation Districts hope CARB will continue to encourage the use of waste-derived alternative fuels. If you have any questions regarding this transmittal, please do not hesitate to contact me at (562) 908-4288, extension 2113.

Very truly yours,

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