



October 21, 2020

Steven D. Smith
Director, Climate & Regulatory Affairs
Phillips 66
1075 W. Sam Houston N., Suite 200
Houston, TX 77043
Steven.d.smith@p66.com

Mobile Source Strategy Team
California Air Resources Board
1001 I Street
Sacramento, CA 95814
Submitted Electronically via email to: MSS@arb.ca.gov

Re: “Draft 2020 Mobile Source Strategy”

Dear ARB,

Phillips 66 appreciates the opportunity to comment on the September 30, 2020 “Workshop Discussion Draft - 2020 Mobile Source Strategy (MSS)” and related October 7, 2020 workshop. Phillips 66 is a major refiner and marketer of transportation fuels and other products in California.

We support the comments submitted by the Western States Petroleum Association (WSPA) and would like to reiterate and emphasize these points:

- Role of renewable (biogenic) liquid fuels
- Limited time for public comment

Renewable (Biogenic) Liquid Fuels

The MSS highlights ARB’s vision for an ambitious transition to zero-emission vehicles (battery-electric and fuel cell) in light, medium and heavy-duty vehicles, while seemingly omitting the role of renewable liquid transportation fuels. The selected modeling scenarios in the META model similarly emphasize the singular focus on electrification.

Phillips 66 recently announced plans (see link) to transition our Rodeo, California refinery from processing crude oil to processing renewable feedstocks over the next few years, with the primary product being renewable diesel fuel. Our plans are supported by many local and state leaders and was referenced by Governor Newsom as an example of creating jobs in a sustainable manner.



PROVIDING ENERGY.
IMPROVING LIVES.

Development of renewable liquid fuels is encouraged by current ARB regulations (e.g. Low Carbon Fuel Standard, Cap-and-Trade) and federal regulations (EPA's Renewable Fuel Standard). Other industry participants are considering similar investments in renewable fuels.

The MSS discounts the role that renewable (biogenic) liquid and gaseous fuels can and will play in future California transportation. These renewable fuels, coupled with low-NOx engines, can play a major role in reducing both NOx emissions to attain federal ozone standards and greenhouse gas emissions in a timely and cost-effective manner. Use of renewable fuels will enable the move towards lower emissions from transportation more quickly than relying solely on the transition to electrification.

Further, the MSS as drafted could result in regulations that prematurely restrict the use of renewable liquid fuels such as renewable diesel fuel, potentially stranding capital investments. This would benefit neither California, industry nor consumers. We therefore strongly encourage ARB to expand the MSS to properly characterize the real and growing role of renewable liquid fuels in California's transportation mix for decades to come.

Public comment

The MSS and related assumptions, and META tools represent a significant body of work. The draft plan was released on September 30; it is unreasonable to expect that stakeholders can adequately review this work and provide comprehensive comments in a three-week window to meet the October 21, 2020 comment deadline. We encourage ARB to accept and consider comments up to the planned December Board consideration, and even into 2021 and future years, as the MSS continues to evolve.

Thank you for this opportunity to submit comments. You can reach me at 832-765-1779 or steven.d.smith@p66.com.

Best Regards,

Steven D. Smith

Link to Phillips 66 News Release:

<https://investor.phillips66.com/financial-information/news-releases/news-release-details/2020/Phillips-66-Plans-to-Transform-San-Francisco-Refinery-into-Worlds-Largest-Renewable-Fuels-Plant/default.aspx>

