# Appendix C

## STAFF REPORT: INITIAL STATEMENT OF REASONS

**Proposed Amendments to the Regulation on Commercialization of Alternative Diesel Fuels**

**ECONOMIC AND FISCAL IMPACT ASSESSMENT SUPPORTING INFORMATION**

**State of California**

**AIR RESOURCES BOARD**

**Release Date: January 7, 2020**

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## Introduction

This staff report presents staff's proposal to amend the ADF regulation to reinforce the emissions certification testing requirements and require biodiesel additives and ADF formulations to be certified according to new certification procedures. The proposed amendments reinforce the originally intended efficacy of additives or alternative diesel fuel formulations that are being certified to mitigate potential NOx emissions increases from the use of biodiesel. This appendix describes the methodology used to determine the cost of the proposed amendments to impacted industries.

## Cost to Industry

Under the proposed amendments, biodiesel additives and ADF formulations would be required to be certified according to new certification procedures. Currently, staff is aware of one lab in California equipped to perform the testing. Since the amendments require testing at two independent labs, parts of the emissions tests will have to be contracted with out of state lab(s). There are at least two out-of-state labs potentially available for the testing.

The proposed amendments require three testing cycles for certification testing. Estimated cost of completing a certification testing is $525,000 ($175,000/cycle x 3 cycles). The cost considers fuel and material, test observer, fuel analysis, fuel shipping and handling and lab personnel expenses. Currently, staff is aware of one lab in California equipped to perform the testing.

Calculation for Industry Cost:

Cost per test cycle: $175,000

Required number of testing cycles: 3

Number of entities impacted: 3

Total Industry Cost = $ per test cycle x number of cycles required x number of impacted entities

= $ 175,000 x 3 x 3 = $1,575,000 ~ $1.6 million