



California Biodiesel Alliance
530 Divisadero Street, #119
San Francisco, CA 94117
(916) 583-8015 phone

National Biodiesel Board
605 Clark Avenue
Jefferson City, MO 65110
(800) 841-5849 phone

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Jim Aguila
Substance Evaluation Section Chief
Stationary Sources Division
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95814

Dear Mr. Aguila:

We are writing to share comments on the concepts described at the April 17th Alternative Diesel Fuel (ADF) Public Workshop. We appreciate your consideration of our views as well as the high level of public participation that has been facilitated by Air Resources Board (ARB) staff.

As mentioned previously, we do not believe biodiesel's inclusion in this regulation is necessary from a scientific standpoint. This view is based largely on air shed modeling studies of the South Coast Air Quality Management District, which show no negative health impacts from widespread use of biodiesel. The studies were conducted by Environ, originally for the National Renewable Energy Laboratory (NREL) and later for the National Biodiesel Board (NBB).

The Environ studies show that even with small NOx increases, the 50 percent or greater decreases in all other pollutants needed for ozone formation (namely PM and hydrocarbons) creates a self-mitigating effect for biodiesel. At a minimum, since the studies find an absence of negative impacts from widespread use of B20, we feel ARB would be justified in establishing a biodiesel significance level at 20 percent of the total diesel market rather than B10.

All that said, we understand the externalities related to this issue and desire to be part of a consensus-based process. Accordingly, we support the direction of this regulation and continue to appreciate the diligence and professionalism of ARB staff.

Sincerely,

Shelby Neal
Director of State Governmental Affairs
National Biodiesel Board

Curtis Wright
Chairman
California Biodiesel Alliance

GENERAL RECOMMENDATIONS

Alternative Diesel Fuel Regulatory Framework

The National Biodiesel Board is the national trade association for the biodiesel and renewable diesel industries. Our organization represents more than 90 percent of U.S. biodiesel production and the majority of U.S. renewable diesel production. We support the type of regulatory transparency and certainty this framework provides alternative diesel fuel producers – both now and in the future.

Two Separate NOx Control Regimes

While we do not oppose the concept, we do think it unnecessary for the two air districts in extreme non-attainment to be treated differently than the remainder of the state. The data and literature do not suggest a more stringent approach is required for protection of air quality in these areas. In effect, what appears to be occurring is that layers of protection are being stacked on top of layers of protection without objective and convincing justification. The result of this approach will be an artificially reduced level of biodiesel use in these areas, which by extension increases the presence of key pollutants in the atmosphere such as PM, Carbon Monoxide, and Hydrocarbons.

New Technology Diesel Engines (NTDEs)

We believe that fleet turnover and the advantages of NTDEs merit factoring into the EB calculation – not just at the 95 percent threshold and for specific fleets and retailers. Even if one questions whether or not NTDEs are NOx neutral with biodiesel blends above B20, some factor should be provided to account for the compelling data that exists on this subject.

Accounting for Higher Cetane Forms of Biodiesel

Used cooking oil and canola oil have chemical properties that provide reduced NOx emissions relative to ARB data on average biodiesel. We would like ARB staff to explore whether or not it is appropriate to provide a credit in the EB formula for these types of biodiesel. If ARB-generated data does not currently exist, as in the case of canola, we support a mechanism in the regulation to account for this factor when such data does become available.

EXTREME NON-ATTAINMENT AREAS

“Safe Harbor Fuel”

We support the Safe Harbor Fuel concept for regulation of biodiesel in extreme non-attainment areas. It is simple, flexible, and cost-effective for all participants within the distribution chain, though it would, of course, limit the amount of biodiesel in the marketplace rather severely.

As we understand it, the concept would allow biodiesel producers to sell fuel into extreme non-attainment areas that can be used in blends at or below B9.5. While reporting of biodiesel volumes sold into the respective air district would be required, the only full chain of custody requirement would be that each bill of lading note that the biodiesel cannot be used in blends higher than B9.5.

We believe all participants within the distribution chain could comply with these requirements without materially impacting the cost of biodiesel.

Mitigation Options

We support the concept of allowing contemporaneous use of renewable diesel and biodiesel as a mitigation pathway. However, we recommend designating two compliance periods based on summer and winter ozone seasons rather than the concept paper's 12 separate compliance periods. This amendment would ensure balanced use of the products for seasonal needs, while reducing the challenging level of logistical precision required to execute the mitigation strategy.

Exemptions

We support exemptions for fleets and retailers who serve 95 percent or more light and medium duty vehicles or New Technology Diesel Engines. Testing demonstrates that biodiesel is NOx neutral in these applications. However, since the significance threshold has been set at B10, establishing the exemption threshold at 90 percent would seem to correlate more closely to the data.

We also support the opportunity for fleets operating under a Department of Measurement Standards variance to apply to the Executive Officer for an exemption. This real-world experience helps obtain information that is useful in ongoing specification standard setting work at ASTM International for biodiesel blends above B20.

STATEWIDE AREA

Key Term

It is our understanding that the term “enhanced reporting” refers to record keeping *and* reporting of biodiesel volumes and blends by the full chain of custody – the biodiesel producer, the retailer/fleet, and all distributors/blenders in between the producer and retailer. Any lesser requirement – for example, record keeping but not reporting for the full chain of custody – would not be considered “enhanced reporting.”

Eliminate “Enhanced Reporting” Requirements

Under the current proposal, enhanced reporting would begin at EB7.5 and a B9.5 cap for biodiesel would be imposed at EB9.5. We support the B9.5 biodiesel limitation once EB9.5 is reached. However, **we strongly recommend eliminating the enhanced reporting requirement at EB7.5.** Since the regulation already requires biodiesel producers to report this information to the ARB on a monthly basis, it is unclear what would be gained. In addition, EB9.5 already provides a margin of safety relative to the actual significance level of EB10. So while any risks associated with eliminating full chain of custody reporting would seem limited, the costs of the requirement would be substantial to the biodiesel industry since enhanced reporting would prove impossible to comply with for many members of the chain of custody.

Mitigation Options

Once EB9.5 is reached and biodiesel blends are limited to B9.5 and lower, we recommend allowing the same mitigation options and exemptions that are provided within the regulatory framework for the extreme non-attainment areas.