COMMUNITY FUELS™ It makes sense.

October 24, 2014

Mr. Alexander Mitchell
Air Pollution Specialist
California Air Resources Board
PO Box 2815
Sacramento, CA 95812

via email to: amitchel@arb.ca.gov

**RE: Written Comments Regarding Alternative Diesel Fuel Rulemaking Workshop**

Dear Mr. Mitchell:

We appreciate the long-standing working relationship that we have with Air Resources Board (ARB) staff. Community Fuels is an in-state biodiesel producer with an advanced biorefinery at the Port of Stockton. We have spent 10 years building our business into a recognized industry leader. The Alternative Diesel Fuel rulemaking (ADF) is the most significant regulation that our business has faced and I believe that the previous ADF proposed rulemaking would have resulted in the failure of all in-state biodiesel producers, including Community Fuels.

While the proposal announced during the October 20th workshop represents a significant improvement compared to the previous proposal, the new proposal will significantly limit the growth of biodiesel within California. **Limiting biodiesel production and use within California will hinder our industry's ability to grow and to continue creating good advanced manufacturing jobs.** The advanced manufacturing industry has high job creation multiples beyond direct employment; in-state advanced manufacturing jobs are good for California and its economy.

Biodiesel is a key contributor to our state's ability to achieve the ambitious goals of the Low Carbon Fuel Standard. Not only does biodiesel reduce greenhouse gases by over 50%, but it also reduces harmful emissions that directly impact the health and welfare of Californians. Biodiesel emission benefits are listed in the table below:

| Emission | Reduction relative to petroleum diesel | Why Californians care |
|---|---|---|
| Unburned hydrocarbons | 67% reduction | Contributes towards smog formation and some are known carcinogens. |
| Carbon monoxide | 48% reduction | Poisonous gas that also can exacerbate heart problems |

| | | |
|---|---|---|
| Particulate matter | 47% reduction | Linked to increase rates of premature death, cardiovascular disease, lung disease, and asthma |
| Polycyclic aromatic hydrocarbons | 80% reduction | Potential cancer-causing compounds and associated with increased incidences of lung, skin, and bladder cancers |
| Nitrated PAHs | 90% reduction | Potential cancer-causing compounds |

**The proposed ADF rulemaking will limit biodiesel use within the state and reduce the emissions benefits of biodiesel which are significant to human health.**

**Rather than a strict blend limitation, we prefer the aggregate approach similar to the "Effective Blend Level Calculation" (EB) framework that ARB proposed in 2013.** The EB approach will provide the flexibility needed for customers concerned about the emissions effects on human health to use higher blends. The EB framework also would simplify enforcement and eliminate any need to create and implement an exemption process.

**If an EB framework is not selected, we recommend a B10 significance threshold; all biodiesel blended at 10% or lower should fall within a Safe Harbor category and not require any NOx mitigation.** The B10 significance threshold should apply to biodiesel produced from all feedstocks on a year-round basis. All data points for B5 soy biodiesel are within the natural variability of the CARB diesel tested, meaning that all biodiesel data points reside within the highest and lowest CARB diesel samples tested. The impact of B5 on NOx in California would not be measurable compared to CARB diesel in the market, and therefore could not have adverse impacts based on NOx. Only 2 of the data points for B10 soy biodiesel are outside of the bounds of the CARB diesel fuel tested. Therefore, B10 should be considered the same as CARB-certified diesel fuel and not require NOx mitigation.

We completed a comprehensive evaluation of cost, availability, handling and use of di-tert-butyl peroxide (DTBP), a NOx mitigation additive listed in the proposed rulemaking. Based upon our evaluation, DTBP is not commercially available in the volumes needed, is cost prohibitive, would cause biodiesel to not meet ASTM quality specifications and also would introduce unnecessary risks and hazards into California. **DTBP is an unstable, exceptionally flammable and toxic material that would represent significant risks during transportation, storage and use.**

Fleet turnover mandates under California state law require a steady transition to New Technology Diesel Engines (NTDE's). NTDE's reduce NOx emission by more than 90 percent with both biodiesel and ULSD petroleum diesel compared to 2004 model year diesel engines. **The percentage of NTDE's in the marketplace should be updated annually with the NOx mitigation requirements sunsetting when the NTDE fleet penetration reaches 75 percent.**

Due to the significance and the complexity of the proposed rulemaking, **industry will require no less than three (3) years to comply with the new regulation.** As was mentioned previously, the ADF rulemaking is the most significant issue in-state biodiesel producers have faced. Most in-state producers are small businesses and will require time to implement new procedures and to modify their customer base and/or distribution to align with the new requirements.

We are proud of the work that we do: creating good jobs, cleaning the air, improving human health, helping achieve LCFS objectives, stimulating the economy, and diversifying California's sources of energy. **We hope to continue our good work, and to do so our business needs a growing biodiesel market within California with regulatory certainty and stability.** Thank you for providing the opportunity to comment. Please do not hesitate to contact me with questions or if you would like to discuss these concepts. I may be reached at (760)942-9306 or lisa@communityfuels.com.

With continued optimism for more low-carbon, clean, domestic, renewable fuels in California,

*Lisa Mortenson*

Lisa Mortenson
Co-Founder and Chief Executive Officer
American Biodiesel, Inc. dba Community Fuels

Cc: Jim Aguila, California Air Resources Board