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October 27, 2014

Alexander "Lex" Mitchell  
Air Pollution Specialist  
California Air Resources Board  
P.O. Box 2815  
Sacramento, CA 95812

Via email to: [amitchel@arb.ca.gov](mailto:amitchel@arb.ca.gov)

RE: Official written comments on proposed Alternative Diesel Fuel regulation

Dear Mr. Mitchell:

We appreciate the opportunity to submit this letter on behalf of our company, New Leaf Biofuel, to provide input regarding the proposed Alternative Diesel Fuel (ADF) regulation presented on October 20<sup>th</sup>, 2014. As a board member of both the California Biodiesel Alliance and the National Biodiesel Board, my comments are made as a compliment to those submitted on behalf of these trade organizations.

New Leaf Biofuel was formed in 2006 with a very clear purpose: To recycle cooking oil from local restaurants and convert it to biodiesel which would be used within the community to improve the local air quality and the health of San Diego citizens. My co-founders and I embarked on a two year journey of raising seed money from family and friends, and eventually were awarded a grant from THIS agency through ARB's Alternative Fuel Incentive Program to build the first phase of our San Diego biodiesel plant. So I will start out my comments by thanking ARB because we wouldn't be here right now without the support of this agency, and we appreciate your continued efforts to improve the health and welfare of Californians through environmental regulation.

Over the years, the California biodiesel industry has faced many challenges, from an unstable federal tax policy, to the prohibition of biodiesel storage in underground storage tanks, to fraud in the Renewable Fuel Standard (RFS). Each of those issues were (and continue to be) challenges that have made it very difficult for this new industry to develop here in California, and caused many sleepless nights. But as an entrepreneur and citizen of this State, this ADF regulation poses the most serious risk to my business, my employees and my community that we have ever faced.

New Leaf's customers include fleets such as the San Diego Unified School District, who utilizes B20 biodiesel in order to provide a safer environment for its students who are forced to breathe toxic fumes while riding to and from school. We also supply San Diego Gas and Electric, who earns federal EPACT credits by using B20. Truck stops in our area sell biodiesel blends ranging from B10 to B20, as well as other local retailers, many of whom have received grants through the California Energy Commission based on the premise that they would distribute low carbon biodiesel in the form of B20. As of today, New Leaf sells 100% of its fuel to local distributors who blend B5-B20 all year round, with the vast majority of these customers burning B20.

**For this reason, we urge ARB to consider allowing B20 as the significance threshold. At the very least, we ask that ARB allow B10 without direct mitigation all year round. Our business depends on it.**

As you may know, San Diego is not a large market for diesel (when compared to South Coast or San Joaquin). As a result, obligated parties and terminal blenders have not yet made the investment in biodiesel blending infrastructure. This means that if biodiesel were to be restricted to B5, New Leaf would be forced to ship its biodiesel out of the region and up to Los Angeles, Bakersfield or Fresno where a B5 market is at least a *possible* option. However, considering the distance and associated transportation costs, New Leaf would not likely be competitive in those markets. In addition to "burning profit", New Leaf would also be transporting the biodiesel in trucks burning fossil fuels – in exact opposition to our business plan of keeping our fuel local for the benefit of the environment.

**For the reasons stated above, we strongly support a phase in period of at least 3 years to allow us to adjust our business plan, help encourage infrastructure development, and help support the development of an additive for mitigation.**

As mentioned, San Diego is a relatively small diesel market that is unlike some of the State's other air districts that are challenged with ozone non-attainment. Allowing B20 in our area is unlikely to cause even a minimal impact in these non-attainment zones. However, a restriction of B5 will result in an immediate and measurable impact to the students riding the busses to school.

**We therefore strongly suggest that ARB consider including in its regulation a provision that allows fleets or retail location to apply to ARB for specific, limited exemptions to the regulation to support positive public health impacts.**

As we all know, this regulation is intended to resolve a potential problem that will resolve itself over time with the turnover of the old diesel fleet. While we appreciate the inclusion of a sunset date in the regulation, and an exemption for NTDEs, we believe the 90% threshold is unjustifiably high. Biodiesel represents a fuel with enormous potential to help reach the State's LCFS goals, and has positive, widespread impacts on the health and welfare of Californians.

**We therefore urge ARB to reduce the NTDE exemption and Sunset date to 80% instead of 90%.**

We appreciate this opportunity to submit a comment to the Air Resources Board. Please let me know if any clarification of this comment would be helpful.

Sincerely,

New Leaf Biofuel, LLC  
a California Limited Liability Company

A handwritten signature in black ink, appearing to read "Jennifer Case". The signature is written in a cursive, flowing style.

Jennifer Case, President