

## DOCKETED

<b>Docket Number:</b>	15-OIR-02
<b>Project Title:</b>	Modification of Alternative and Renewable Fuel and Vehicle Technology Program Funding Restrictions
<b>TN #:</b>	204454
<b>Document Title:</b>	ARB Comments: Regarding 3103 Rulemaking
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*Comment Received From: Brittany Sherwood*

*Submitted On: 4/30/2015*

*Docket Number: 15-OIR-02*

**Air Resources Board/Floyd Vergara Comments: Comment regarding 3103 Rulemaking**

This is a resubmission of a previous document that wasn't in OCR format. The attached document is now in OCR format.

*Additional submitted attachment is included below.*



# Air Resources Board



**Matthew Rodriguez**  
Secretary for  
Environmental Protection

**Mary D. Nichols, Chairman**  
1001 I Street • P.O. Box 2815  
Sacramento, California 95812 • [www.arb.ca.gov](http://www.arb.ca.gov)

**Edmund G. Brown Jr.**  
Governor

January 30, 2015

Ms. Janea Scott, Commissioner  
California Energy Commission  
1516 Ninth Street, MS-32  
Sacramento, California 95814

I am writing to follow up on a meeting I had with your staff on January 13, 2015 to discuss the California Energy Commission regulations for administering the Alternative and Renewable Fuel and Vehicle Technology Program, codified in title 20, California Code of Regulations, sections 3100-3108. In particular, your staff brought to the Air Resources Board (ARB) staff's attention an unintended consequence related to the provisions of section 3103 of the regulation that could cause economic hardship to biofuel and other low carbon-intensity alternative fuel producers and discourage production of such fuels in California. This result would run counter to the State's goal of increasing the production and use of low carbon, renewable fuels as part of the State's strategy to reduce greenhouse gas emissions and petroleum consumption.

Section 3103 of the regulation is intended to implement the statutory requirements of Health and Safety Code Section 44271(c), which prohibits Alternative and Renewable Fuel and Vehicle Technology Program funding for projects required by state or federal laws or regulations by requiring that funding recipients discount the credits that their projects generate in proportion to the funding they receive. After discussing this issue with your staff, we agree that both section 3103(a) and (b) would cause economic hardship to funding recipients if implemented as written, which in turn would discourage production of low carbon alternative fuels in California. We agree that there are better regulatory approaches to address the requirements of Health and Safety Code Section 44271(c) that would not have these negative consequences.

Your staff has informed us that the California Energy Commission is considering proposing an emergency regulation followed by a full rulemaking that would modify section 3103 of the regulation to address this situation while continuing to meet with the provisions of Health and Safety Code section 44271(c). We strongly support this approach and offer our assistance in helping your staff craft appropriate regulatory provisions.

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*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.*

California Environmental Protection Agency

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January 30, 2015  
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We want to ensure the Alternative and Renewable Fuel and Vehicle Technology Program continues supporting the development of low carbon alternative fuels while meeting the statutory requirements governing the program.

Thank you again for consulting with us on this issue. If you have questions, please contact me at (916) 324-0356 or [Floyd.Vergara@arb.ca.gov](mailto:Floyd.Vergara@arb.ca.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Floyd V. Vergara", with a stylized flourish at the end.

Floyd V. Vergara, Esq., P.E.  
Chief, Industrial Strategies Division

cc: Ms. Judith Friedman  
Deputy Director  
California Energy Commission  
Emerging Fuels and Technologies Office  
1516 Ninth Street, MS-27  
Sacramento, California 95814

Ms. Janea Scott  
January 30, 2015  
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bcc: (via email)  
Erik White, MSCD  
Lucina Negrete, MSCD  
Peter Christensen, MSCD  
Lisa Macumber, MSCD  
Andrew Panson, MSCD

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