

CALIFORNIA RENEWABLE FUELS  
PARTNERSHIP

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Comments to Bioenergy Working Group  
Docket 06-BAP-1

Making California the indisputable leader in renewable fuels use and production will create massive job growth, effectively reduce CO<sub>2</sub>, and provide a critically needed new local supply of transportation fuel.

1. The best way to position California as the leader is to promulgate specific targets and performance goals for renewable fuels use and then create a fuel regulation that allows the market to operate effectively. True year round full market access and flexibility for refiners and marketers is the most basic principle that any policy must adopt to be successful.
2. Our current system is broke. The models do not accurately reflect reality and the regulation severely limits the use of renewable fuels. The current system forces refiners and marketers to choose the same low level of ethanol and does not allow flexibility for refiners and marketers to respond differently to market conditions in any meaningful way.
3. The best way to fix this problem - which has added to restrained supply scenarios creating price crises, is to have a regulation that creates one fully fungible CARBOB that ANY amounts of ethanol can be added between 6 and 10% on a daily basis, 365 days a year.
4. CARB has all the tools, knowledge and expertise to create this system but currently is operating under a policy mandate to create flexibility for 100% hydrocarbon fuel - directed by Governor Davis in the executive order to ban MTBE. A new policy mandate to optimize the fuel regulation for renewable fuels use is essential for any regulatory change to happen.
5. California has seen its two best air quality years since ethanol has been added to the gasoline. In addition - total emissions from vehicles with ethanol are LESS today than when MTBE was in the gasoline and are going down every year. These air quality facts must be taken into account and provide room for ARB to adopt a more flexible system while protecting air quality and public health.
6. A 2008 10% renewable fuel portfolio performance target COMBINED with a regulation where refiners are given full market flexibility is the best policy to establish California as the leader in renewable fuels, reduce CO<sub>2</sub>, provide critical increase in local fuel supply and set the stage for massive job growth and technology advances.