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06-AFP-1	
DATE	JUN 08 2007
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Joe Sparano
President

June 8, 2007

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 06-AFP-1
1516 Ninth Street
Sacramento, CA 95814-5512
Via electronic mail to docket@energy.state.ca.us

Re. Docket No. 06-AFP-1 Alternative Fuels Transportation Plan

Dear Commissioners:

The Western States Petroleum Association (WSPA) appreciates the opportunity to provide the following written comments regarding the Commission's Alternative Transportation Fuels Plan under its AB1007 program. WSPA is a non-profit trade association that represents 26 companies that explore for, produce, refine, distribute and market petroleum, natural gas and petroleum products in California and five other western states.

WSPA participated in the Commission's and the California Air Resources Board joint workshop May 31, 2007 on the Alternative Transportation Fuel Plan. The question of alternative and renewable fuel development and use in California, immediately presents energy supply and air quality issues. We believe a strong partnership between these two critical elements is essential to successfully diversify California's transportation fuels portfolio in ways that do not negatively impact air quality or the state's economy.

The AB1007 Alternative Transportation Fuel Plan is directly connected to the Governor's proposed Low Carbon Fuel Standard (LCFS). This connection makes the collaboration between CEC and CARB even more important. Our industry is committed to working with you, CARB, the Governor's office and the Legislature to ensure that we successfully implement climate change initiatives and alternative fuel programs in ways that do not disrupt critical fuel supplies. There is a great deal at stake in these efforts. If we act in haste or without fully considering the consequences of the policies and programs we adopt, we risk significantly impairing the lifestyles Californians enjoy, the health of our businesses and the vitality of our state's economy.

WSPA has demonstrated its commitment to remain constructively engaged in the implementation process at all levels and has submitted several comment letters to the Administration. We have provided our input to the CEC as part of the IEPR, to CARB as part of AB32 and the listing of the LCFS as a "discrete early action," and to the University of California professors drafting Part 1 of their analysis of the LCFS. In addition, we recently provided comments to the Market Advisory Committee

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emphasizing the role markets can play in providing businesses with the much needed flexibility to meet the many goals we have set for ourselves.

Because there are so many acknowledged uncertainties in the science and modeling protocols being used in these efforts, we believe it is essential that all of the assumptions used to develop these policies be thoroughly examined with only the best, most reasonable ones being used. Further, we believe it is equally important that the process as designed going forward, improves upon the knowledge base and tools needed to choose the best fuels pathways to meet the goals - pathways that are scientifically sound, technologically feasible and cost effective.

We do not believe it is prudent or responsible to simply presume that these important criteria can be met. The available science and best knowledge base must prove them attainable.

WSPA understands that there are regulatory timelines that must be met. To enhance the likelihood of success, we suggest the following steps to assist in answering the unanswered questions, improve upon the tools to accomplish the goals and ensure a process to check progress against plan:

- Establish a public-private collaborative to assemble a broad-based, representative and technically competent team of individuals to provide input into the LCFS process. This is essential to continue developing what we believe are two technical and economic elements required to achieve success.
 1. Further review and improvements to the full fuel cycle analysis and GREET model, or development of a better model to do the necessary well to wheels analysis.
 2. Develop a California-specific dynamic simulation transport energy model to evaluate and compare various LCFS scenarios, including their economic impact.

We are encouraged to see the CEC actively pursuing these goals and CARB and the UC reviewing, considering and suggesting them as well. We are very interested in continuing discussions in this area.

- Schedule biennial milestones during the implementation period of the LCFS similar to the CEC's IEPR process that reviews energy policies every two years. At each milestone, the CEC and CARB would make findings and determine whether sufficient low carbon fuels and vehicles are available to meet the LCFS requirements and maintain the reliability of the transportation fuel system.

This proposed progress review against plan, will allow policy makers to be alerted to the potential for disruptions in transportation fuel supplies and associated market volatility. We would like to meet to discuss our views on how such milestones could be constructed.

- Invest in technological innovation and distribution infrastructure. This investment is essential and must be done in a timeframe that matches up with CEC's supply/demand curves and the commercial viability and availability of fuel and vehicle choices.

The efforts at the Port of Los Angeles to eliminate existing fuels infrastructure, as highlighted in others comments about the planned elimination of the Westway Terminals facility, is an example

of what should not be done if we want to have sufficient infrastructure in place to meet future needs for all types of transportation fuels – both conventional and renewable/alternative fuels.

- Cost-effectiveness. We believe it is critically important for all stakeholders to agree on the bases for cost-effectiveness assumptions and calculations.

WSPA's overarching message on these issues is: Don't attempt to pick winners or losers. If we are to succeed, we must rely on performance-based approaches and allow technologies and products to compete. We should create incentives for innovation and encourage market based-approaches that minimize costs.

WSPA and our members are prepared to work with the CEC and CARB to build a durable, science-based framework and collaborative process to sustain the long-term growth and effectiveness of these initiatives.

We must allow for institutional learning and create an evolving and open process that promotes new ideas and enables changes in direction to occur.

We must keep improving. The impact of these initiatives on all Californians will be with us for a long time. It is our shared responsibility that we get this right.

Sincerely,

A handwritten signature in black ink that reads "Joe Sparano". The signature is written in a cursive, flowing style.