



Linda S. Adams
Secretary for
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Air Resources Board

Mary D. Nichols, Chairman
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Arnold Schwarzenegger
Governor

April 22, 2009

General Wesley Clark, Co-Chair
Growth Energy
1900 K Street, NW, Suite 100
Washington, DC 20006

Dear General Clark:

Over the past few weeks I have heard a great deal of concern, both directly from your organization through the rulemaking process and indirectly through media reports, that ARB is dealing unfairly with biofuels, especially corn ethanol, in the evaluation of those fuels for voluntary credit in the proposed Low Carbon Fuel Standard.

I wanted to let you know that ARB firmly believes that corn ethanol will play an important role in helping California achieve the goals of the LCFS. The federal RFS already requires significant volumes of corn ethanol to be blended into gasoline and the quantity of corn ethanol in California is expected to reach nearly 2 billion gallons in 2010. We expect the current generation of corn ethanol fuels to play a significant role well into the next decade. The LCFS as currently proposed will drive investment toward even cleaner low-carbon corn ethanol, increasing its market share over time. Our staff estimates that quantities of clean corn ethanol will more than triple in California by 2020.

We are well aware that not all feed stocks and production processes for ethanol are the same. For that reason, ARB staff conducted an extensive review of eleven separate pathways that cover the full range of current United States cultivation and processing for this important biofuel. This review indicates that seven of those pathways produce significantly less greenhouse gases than baseline gasoline, thereby assuring that they will play a role in reaching the standard.

The LCFS supports the market for corn ethanol in California over the next decade at least. In the next few years, based on representations from the renewable fuels industry and others, we expect the market to shift to lower carbon biofuels produced from new materials using advanced production technologies.

I also wanted to make you aware that I am asking the Board to take the following three additional steps to ensure that low-carbon biofuels, including low-carbon corn ethanol can continue to contribute to California's economy, and in helping fuel suppliers reach the standard.

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

1. Because of the critical importance to the industry and the climate, the Board will commit to an ongoing investigation including input from outside experts to evaluate the land use and other indirect effect of all transportation fuels. For biofuels, this will include a consideration of agricultural yield improvements, co-product credits, land emission factors, food price elasticity, and other relevant factors. The results of this investigation and recommended changes to the rule will be presented to the Board on or before December, 2011.
2. As part of the federal Renewable Fuels Standard, the USEPA has been working on evaluating life-cycle emissions for biofuels including land use emissions and has a rule pending at OMB. Additionally, the European Commission is committed to addressing this issue by December, 2010. ARB will work with these other agencies to harmonize where possible the data, modeling and values used for life-cycle analysis and land use change.
3. We are expanding upon an approach within the rule which allows suppliers of alternative fuels, including biofuels, to provide data and information to certify their feedstocks and fuel production processes. The LCFS as written allows for all fuel producers to certify their specific pathway including a demonstration of innovative agricultural practices that can reduce their life cycle emissions including their impact on land use change. The Board will also commit to establishing criteria and a list of specific biofuel feedstocks that are expected to have no or inherently negligible land use effects on carbon intensity by December 2009.

Please be assured that the Air Resources Board intends to continue to work with industry to ensure that corn ethanol, especially when produced from the new low-carbon pathways your industry is working on now, continues to play an important role in helping to address climate change and contributing to the energy security and economy of both California and the nation.

Sincerely,



Mary D. Nichols, Chairman
California Air Resources Board