

Comparison of California Low Carbon Fuel Standard with Bush's "20 in 10" Alternative Fuel Standard

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Senate Briefing
The Low Carbon Fuel Standard – A Climate Policy
Solution for Transportation
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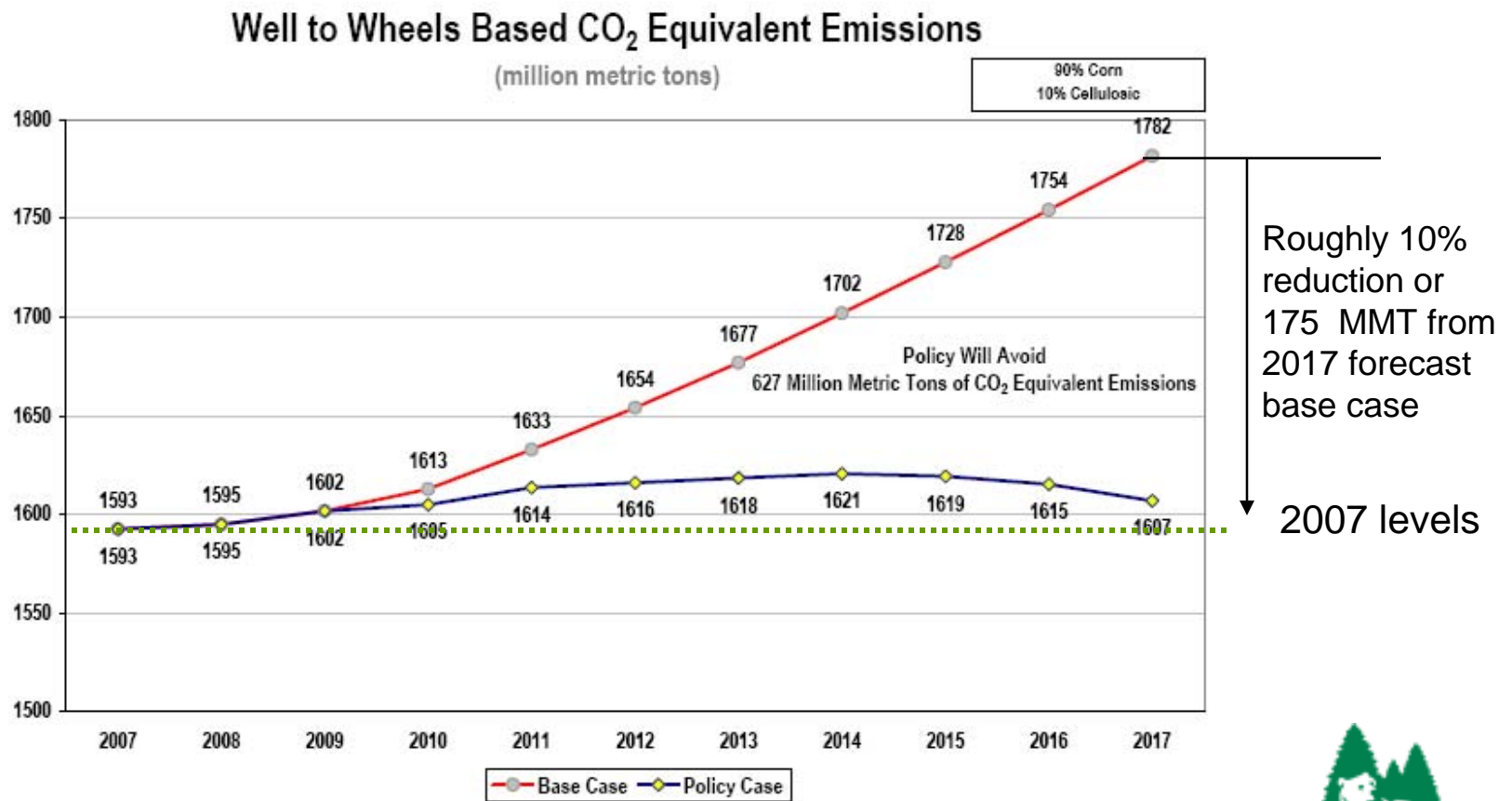


Background:

President Bush's "20 in 10" Proposal

- Goal is to reduce U.S. gasoline use by 20% in 10 years
- 35 billion gallon Alternative Fuel Standard (AFS)
 - Proposes to convert “Renewable Fuel Standard” to “Alternative Fuel Standard”
 - Proposes to increase RFS from 7.5B by 2012 to 35B AFS by 2017
 - Currently, federal law defines “Alternative Fuel” to include “coal-derived liquid fuels”
- Goal of increasing fuel economy standards (CAFE) by 4% per year
 - Goal roughly equals 34 mpg by 2017
 - Congress provide DOT authority to reform car system to allow the attribute-based system now used with light trucks
 - BUT Administration does not want Congress to actually require any increase in standards but allow DOT to set

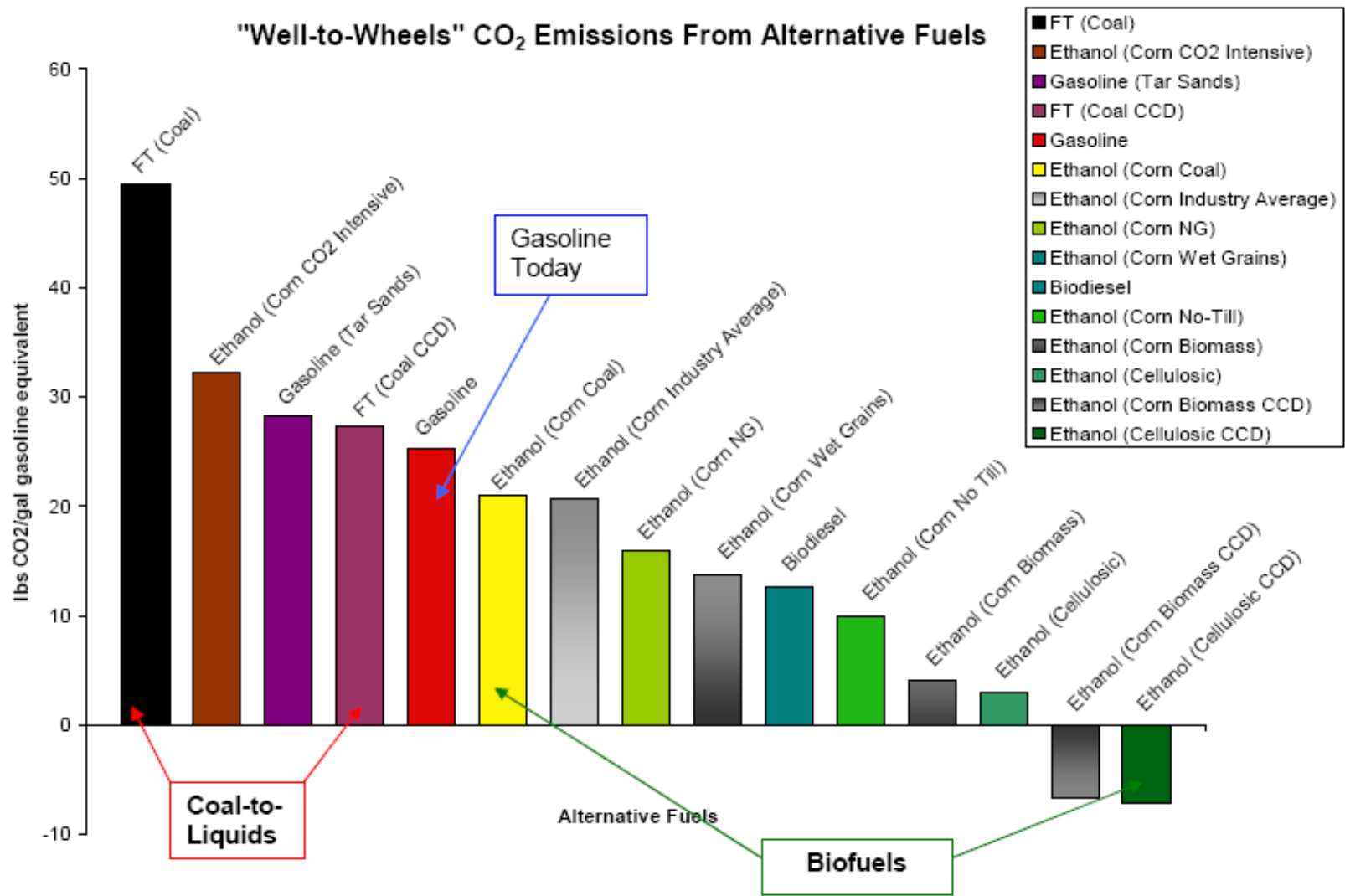
The Administration Claim: Proposal holds passenger vehicle emissions about constant from 2007 levels



Source: White House



The Problem: Not all Fuels Created Equal



The Problem:

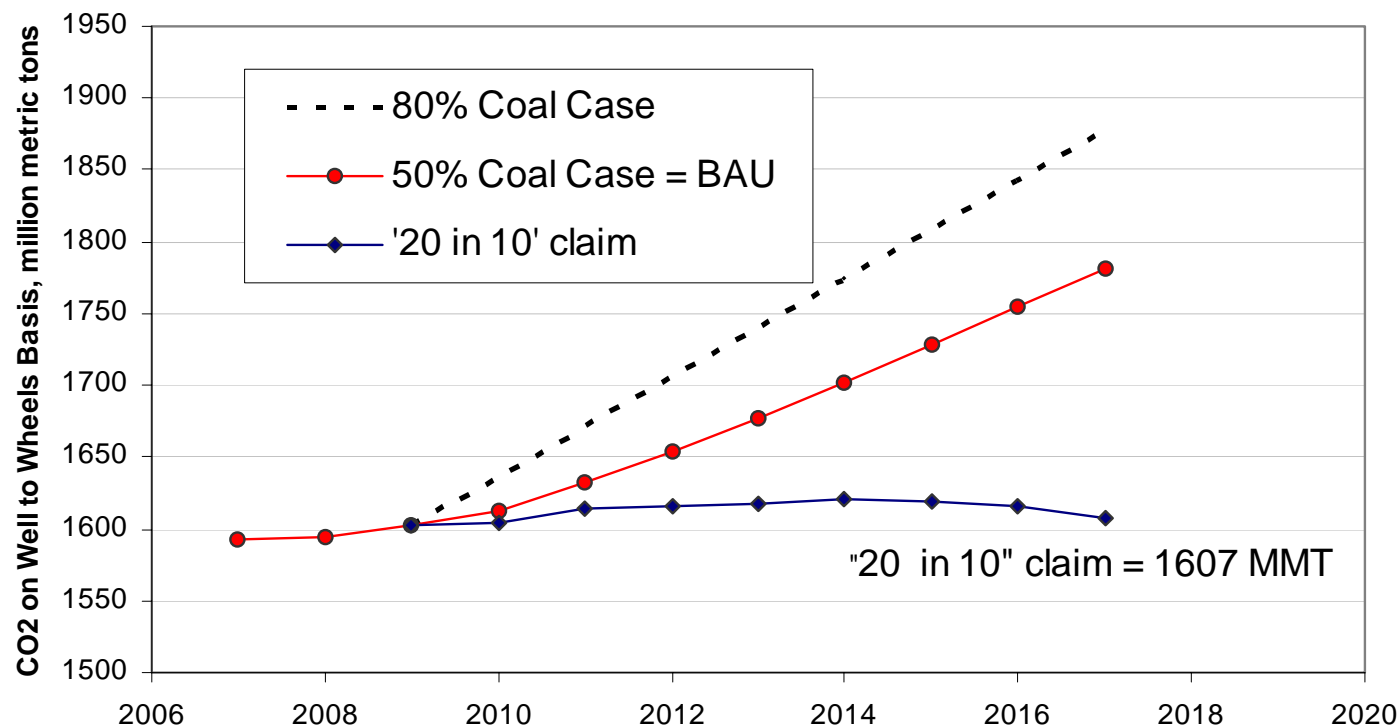
Alternative Fuel Standard does not have a CO₂ standard

- The current definition of “alternative fuels” in federal law does not require any reduction in CO₂
- Coal-derived fuels (“coal to liquids” [CTL]) doubles CO₂ emissions compared to gasoline
- Even with biofuels there is no guarantee of decreased CO₂ emissions
- Substantial use of coal-derived fuels to comply with CTL would lead to an increase in CO₂, not a decrease
 - Because 35B gallons of ethanol by 2017 is an enormous challenge for the biofuels industry, there will be increased pressure to meet the requirement through coal-derived fuels

Key Result #1:

“20 in 10” Could Result in 18% Increase in CO₂

- 80% coal / 20% ethanol case increase CO₂ by 18%
- 50% coal / 50% ethanol allows 12% increase, the same as the Business As Usual case



Assumes coal-to-liquids (CTL) doubles CO₂ and ethanol reduces by 33%.

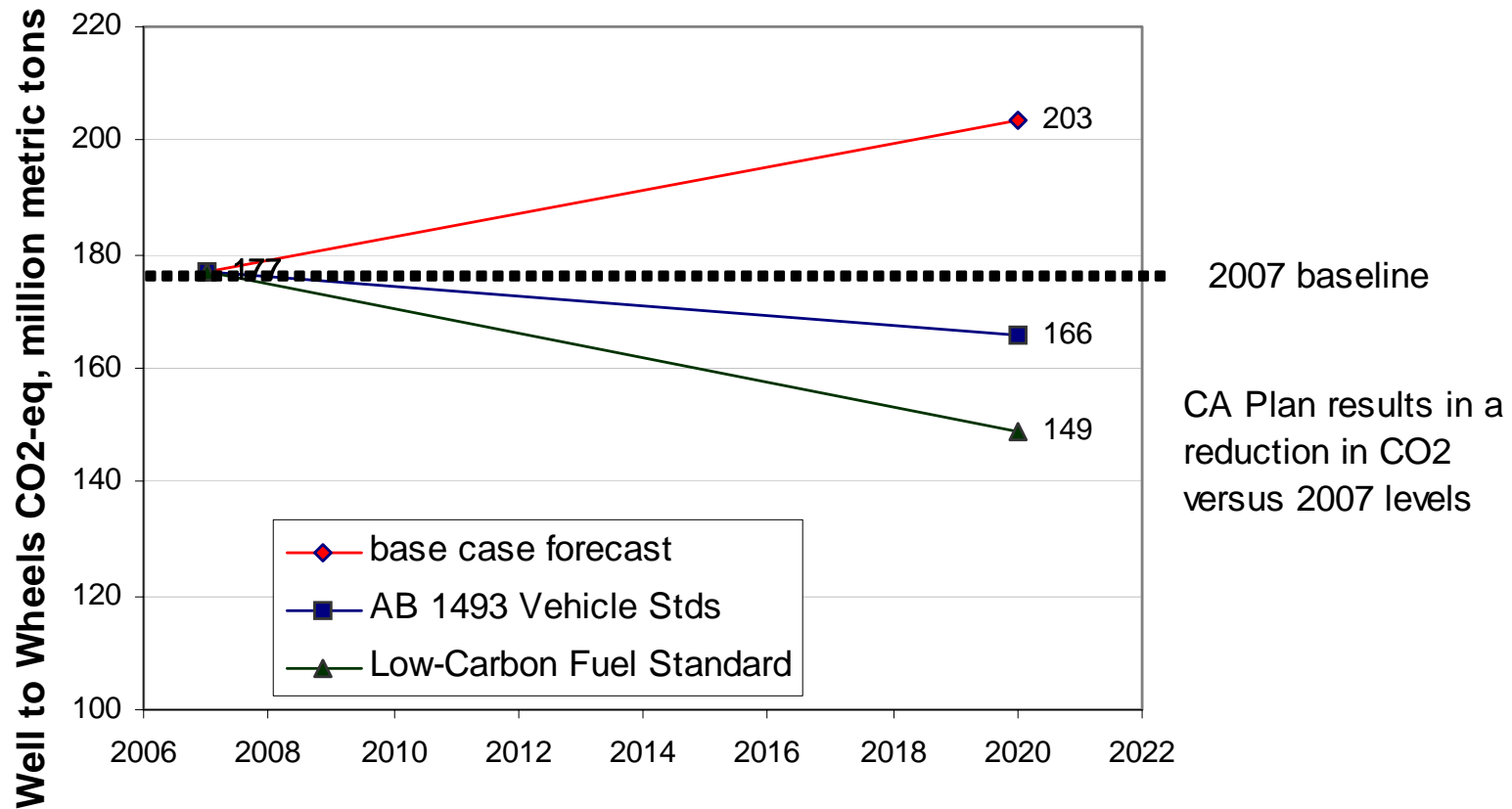


The California Approach: Reductions Assured Statewide and from Gasoline

- California's new law, the Global Warming Solutions Act (AB 32), sets a mandatory cap on statewide emissions from all sources
- Emission from vehicles and fuels will be subject to performance-based CO₂ standards
 - AB 1493 (Pavley) will reduce CO₂ emissions from gasoline by 18% from expected 2020 levels
 - Low-Carbon Fuel Standard (LCFS) will reduce emissions by another 10%
 - Total emission reductions from these two requirements alone will be 27% from expected 2020 levels

Key Result #2: CO₂ Reduction

California Plan Ensures 16% Reduction in CO₂ from Gasoline from 2007 levels



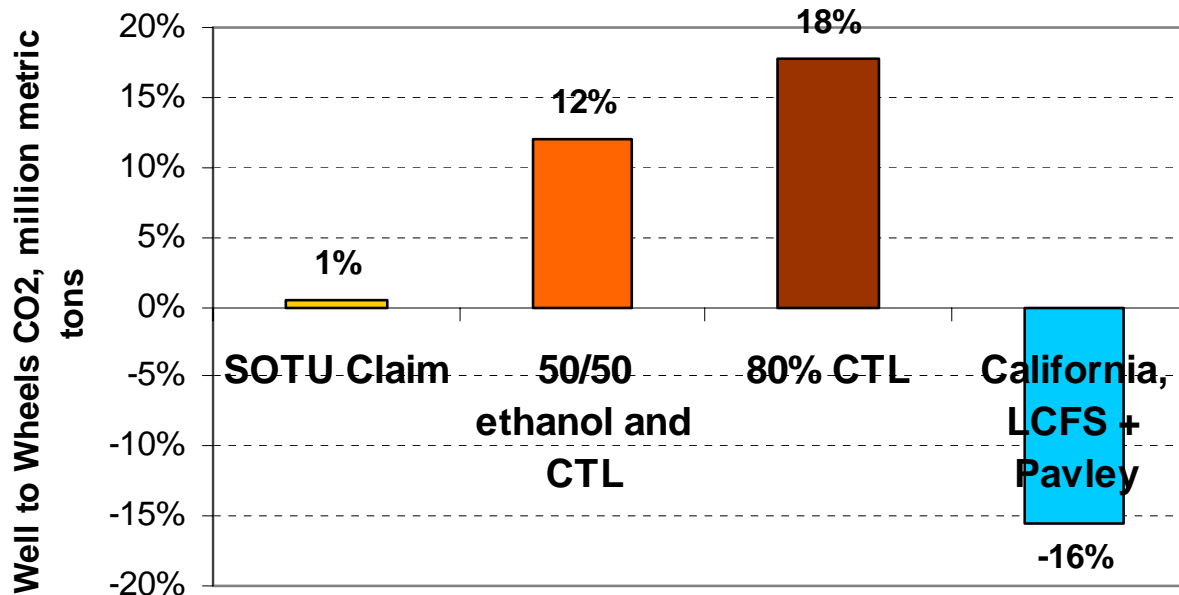
Source: Natural Resources Defense Council

Details Key Result #3: CO₂ Reduction

California Plan Ensures 16% Reduction in CO₂ from Gasoline from 2007 levels

California's Plan assures 28 million metric tons of CO₂ reduction while "20 in 10" allows up to 283 increase from today's level.

California's Plan cuts CO₂ by almost 16% while "20 in 10" allows up to 18% increase from today's level.



Overview of Key Results

- Bush proposal allows CO₂ to dramatically increase
 - President Bush’s “20 in 10” proposal, at best, holds U.S. passenger vehicle CO₂ emissions constant at today’s levels by 2017. At worst, it allows an 18% increase (283 million metric tons) in CO₂ emissions, equivalent to adding another 42 million cars.
- California Plan ensures CO₂ will be reduced
 - In contrast, California’s Plan to control global warming pollution from passenger vehicles will reduce CO₂ emissions from its fleet by 16% compared to today’s levels by 2020.
- The key difference is that the California Plan includes a CO₂ standard on transportation fuels
 - The “20 in 10” plan calls for 35 billion gallons in non-petroleum fuels, but requirement could be a “Trojan Horse” for highly polluting, coal-derived fuels (so-called “coal-to-liquids”.)