



PRESS RELEASE

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Gov. Schwarzenegger Issues Directive to Establish World's First Low Carbon Standard for Transportation Fuels

World's first Greenhouse Gas Standard for transportation fuels will spark research in alternatives to oil, boost clean technology industry in California and reduce greenhouse gas emissions.

Continuing his historic leadership to reduce greenhouse gas (GHG) emissions and lower California's reliance on foreign oil, Governor Schwarzenegger today announced he will issue an Executive Order establishing a groundbreaking Low Carbon Fuel Standard (LCFS) for transportation fuels sold in California. By 2020 the standard will reduce the carbon intensity of California's passenger vehicle fuels by at least 10 percent. This first-of-its kind standard will support AB 32 emissions targets as part of California's overall strategy to fight global warming.

"Transportation accounts for forty percent of California's annual greenhouse gas emissions, and we rely on petroleum-based fuels for an overwhelming 96 percent of our transportation needs," said Governor Schwarzenegger. "This petroleum dependency contributes to climate change and leaves workers, businesses and consumers vulnerable to price shocks from an unstable global energy market. As a world leader in energy efficiency, alternative energy and reducing greenhouse gases, California's new low carbon standard is an innovative action that will diversify our fuel supplies and establish a vibrant market for cleaner-burning fuels."

The LCFS requires fuel providers to ensure that the mix of fuel they sell into the California market meets, on average, a declining standard for GHG emissions measured in CO₂-equivalent gram per unit of fuel energy sold. By 2020, the LCFS will produce a 10 percent reduction in the carbon content of all passenger vehicle fuels sold in California. This is expected to replace 20 percent of our on-road gasoline consumption with lower-carbon fuels, more than triple the size of the state's renewable fuels market, and place more than 7 million alternative fuel or hybrid vehicles on California's roads (20 times more than on our roads today).

The LCFS will use market-based mechanisms that allow providers to choose how they reduce emissions while responding to consumer demand. For example, providers may purchase and blend more low-carbon ethanol into gasoline products, purchase credits from electric utilities supplying low carbon electrons to electric passenger vehicles, diversify into low carbon hydrogen as a product and more, including new strategies yet to be developed.

The University of California estimates that the Governor's greenhouse gas (GHG) emissions goals can increase Gross State Product by about \$60 billion and create over 20,000 new jobs. As a result of AB 32 and other initiatives, including the Million Solar Roofs and Hydrogen Highway projects, the Bioenergy Action Plan and the Strategic Innovation and Research Initiative, California drives clean technology research, investment and development nationally. California leads the nation in clean tech investment, attracting \$484 million in venture capital to California in 2005 alone-40 percent to startups in energy generation and efficiency sectors. The Low Carbon Fuel Standard further expands the state's clean tech market by creating more sustainable demand for cleaner fuels.

The Governor's Executive Order directs the Secretary for Environmental Protection to coordinate the actions of the California Energy Commission (CEC), the California Air Resources Board (ARB), the University of California and other agencies to develop the protocols for measuring the "life-cycle carbon intensity" of transportation fuels. This analysis will become part of the State Implementation Plan for alternative fuels as required by AB 1007 (Pavley, Chapter 371, 2005) and will be submitted to the California Air Resources Board for consideration as an "early action" item under AB 32. The ARB will complete its review of the LCFS protocols for adoption as an early action no later than June, 2007. Upon adoption as an "early action" by the ARB, the regulatory process at ARB will begin to put the new standard into effect. It is expected that the regulatory process at ARB to implement the new standard will be completed no later than December, 2008.

Last September, Gov. Schwarzenegger signed [AB 32](#) by Assembly Speaker Fabian Nunez (D-Los Angeles),

California's landmark bill that established a first-in-the-world comprehensive program of regulatory and market mechanisms to achieve real, quantifiable, cost-effective reductions of greenhouse gases.