

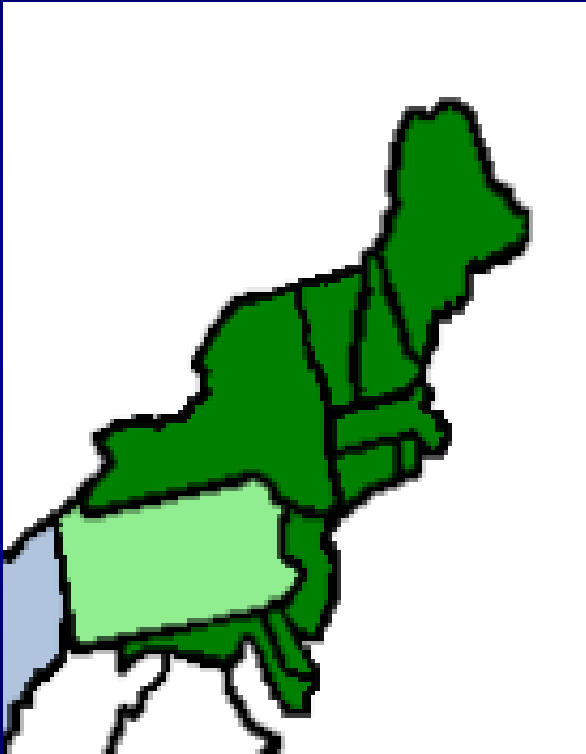


Northeast and Mid-Atlantic States Regional Clean Fuels Standard Initiative: Status Update

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NE/MA CFS Timeline



- December 2008: Agency heads from 11 states signed Letter of Intent
- December 2009: Governors signed Memorandum of Understanding
- Goals: Develop framework for regional LCFS, conduct Economic Analysis

Governors' MOU: Key Commitments

- Develop program framework and model rule
 - Compliance goal and timetable
 - Treatment of heating fuels
 - Regulated entities
 - Trading mechanisms
 - Monitoring and Program Review
- Economic Analysis
- Account for indirect Land Use Change
- Stakeholder involvement
- Monitor other state/federal efforts and support development of strong federal program

Status of Regional Initiative

- Multiple stakeholder meeting/webinars were held in 2010 to solicit input on:
 - Program framework
 - Economic analysis
- Draft program framework document is under development
- Economic analysis completed August 2011
- Seeking stakeholder feedback on analysis until October 31

Economic Analysis: Summary of Key Findings (1)

- **Gasoline and Diesel Use:**

- Decreases by 12 to 29 percent (4.0 to 8.7 billion gallons annually) once the 10% CFS is fully implemented;

- **GHGs Emissions:**

- Reductions of 5 to 6% under low oil prices; 7 to 9% under high oil prices for 10% CFS scenarios

- **Fuel Diversity:**

- Greater diversity of fuels and greater domestic contributions
- Petroleum-based fuels still dominate market share (70+% minimum))

- **Net Cost-Benefit:**

- Positive under all scenarios when oil prices are high, more so w/ value of GHG benefits
- Near parity at low oil prices, some turn positive when GHG benefits added

Economic Analysis: Summary of Key Findings (2)

- **Macro-economic impacts:**
 - Small but net positive impacts projected for all macroeconomic indicators
 - Utilities, construction, healthcare, forest/ag positive; retail/wholesale trade and petroleum mfg negative
- **Most influential variables affecting results:**
 - CI of petroleum and low carbon fuels;
 - Petroleum prices; and
 - Price of low carbon alternatives (fuel, infrastructure and vehicles);

Questions?

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