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Energy

National Low-Carbon Fuel Standard Would Reduce Emissions, Gas Prices, Reports Say

By Andrew Childers

A national low-carbon fuel standard would reduce gasoline prices and decrease greenhouse gas emissions more than existing requirements to incorporate renewable fuels into the national supply, according to a pair of reports released July 19.

A national low-carbon fuel standard along with the congressionally mandated renewable fuel standard would reduce emissions by 4.5 percent, over 3 percentage points more than just the renewable fuel requirements alone, according to one report, *National Low Carbon Fuel Standard: Technical Analysis Report*.

A second report, *National Low Carbon Fuel Standard: Policy Design Recommendations*, which details how the national program could be implemented, recommended a low-carbon fuel standard that would reduce the carbon intensity of fuels by 10 percent to 15 percent by 2030.

"The design of [a low carbon fuel standard] is premised on the use of technology-neutral performance targets and credit trading, with the intent of harnessing market forces and providing industry with flexibility," the policy design report said. "It is also premised on the use of lifecycle measurements of GHG emissions, to assure that emissions are regulated effectively and scientifically."

The reports were prepared by the National Low Carbon Fuel Standard Project, a collaboration by Oak Ridge National Laboratory, the University of California at Davis, the University of Illinois at Urbana-Champaign, the University of Maine, Carnegie Mellon University, and the International Food Policy Research Institute with funding from the Energy Foundation and the William and Flora Hewlett Foundation.

Rather than setting renewable fuel consumption mandates, a low-carbon standard would allow fuel producers the flexibility to determine which fuels are most economical to produce, provided they meet the required carbon-intensity requirements.

Carbon intensity would be measured in grams of carbon dioxide-equivalent per megajoule of fuel energy (gCO_{2e}/MJ). Fuel producers could meet that carbon intensity requirement in a number of ways, such as carbon capture and storage, reducing flaring, improving the efficiency of refineries and oil fields, or purchasing credits from other producers.

Standard Reduces Gasoline Consumption, Prices

A low-carbon fuel standard could also reduce gasoline consumption and drive down fuel prices for consumers, the reports said.

The Environmental Protection Agency's renewable fuels standard is expected to reduce gasoline

BNA Snapshot

Reports on Low-Carbon Fuel Standard

Key Finding: A national low-carbon fuel standard could reduce greenhouse gas emissions and gasoline prices beyond the renewable fuel standard alone, two reports say.

Potential Impact: Maximizing the benefits of a low-carbon fuel standard may require EPA or Congress to modify implementation of the renewable fuel standard requirements.

consumption by 8 percent and diesel consumption by 1 percent. Adding a low-carbon fuel standard would "lead to modestly larger reductions," the reports said.

The renewable fuel standard is expected to decrease the price of gasoline and diesel fuel by 10 percent, but adding the low-carbon fuel standard would lower gasoline prices by another 7 percent and diesel fuel prices by 13 percent, the reports said.

Policymakers may need other programs to stimulate low-carbon fuels, such as regulations to spur investment in new vehicles and fuels or research and development money for new technologies, the policy recommendations report said. Maximizing the benefits of a low-carbon fuel standard also may require EPA or Congress to modify the implementation of the renewable fuel standard requirements, the report said.

California Defends Standard

California adopted a low-carbon fuel standard in 2006. That standard, which took effect Jan. 1, 2011, requires transportation fuels to be 10 percent less carbon-intensive by 2020. The standard establishes methodologies for calculating lifecycle emissions of all vehicle fuels and sets increasingly strict annual performance standards for fuels through 2020.

In 2011, a federal court concluded California's low-carbon fuel standard discriminates against out-of-state fuel producers and therefore violates the Commerce Clause of the U.S. Constitution (*Rocky Mountain Farmers Union v. Goldstene*, E.D. Cal., No. 09-cv-02234, 12/29/11).

The state's appeal is pending in the U.S. Court of Appeals for the Ninth Circuit (*Rocky Mountain Farmers Union v. Goldstene*, 9th Cir., No. 12-15131; 79 DEN A-11, 4/25/12).

For More Information

The report, National Low Carbon Fuel Standard: Technical Analysis Report, is available at <http://op.bna.com/env.nsf/r?Open=fwhe-8wbkam>.

The report, National Low Carbon Fuel Standard: Policy Design Recommendations, is available at <http://op.bna.com/env.nsf/r?Open=fwhe-8wbk9g>.

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