NACS®

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Arthur Marin
Executive Director, NESCAUM
89 South Street, Suite 602
Boston, MA 02111

Mr. Marin:

The National Association of Convenience Stores (NACS) appreciates this opportunity to provide comments to the Northeast States for Coordinated Air Use Management (NESCAUM) on its recent economic analysis of implementing a Clean Fuels Standard, also known as a Low Carbon Fuel Standard (LCFS). As further discussed below, NACS is concerned that some of the assumptions made by NESCAUM when completing the economic impact report may have been flawed and that implementing any form of a LCFS may not be justifiable or economically feasible.

We are specifically concerned that NESCAUM's assumptions about the availability of next generation biofuels, including cellulosic ethanol, are dramatically higher than EPA estimates and contradict a recent report by the National Academy of Sciences. For example, NESCAUM assumes cellulosic ethanol in the Northeast/Mid-Atlantic region will reach 70 million gallons in 2013 and increase to 2.6 billion gallons by 2022 under low oil price conditions. By contrast, EPA projects a potential national availability in 2012 of only 3.6 million gallons and recognizes that there have been zero gallons produced and commercially available in either 2010 or 2011.

We are further concerned that the report assumes advanced biofuels, such as cellulosic ethanol and renewable diesel, will be available in sufficient quantities to meet the carbon intensity reduction goals of the CFS program and that they will be cheaper than traditional gasoline and diesel. Considering that neither fuel is being produced on a commercial scale today, and that the National Academy of Sciences has concluded that such biofuels will be economical only if crude oil is trading above $191 per barrel, NESCAUM's price assumptions are unsupportable and contribute to misleading conclusions.

Although the goal of reducing greenhouse gas emissions from the transportation sector is laudable, the implementation of a LCFS is a very complex, inefficient and ineffective approach that would result in significant job losses and increase the cost of transportation fuels.

At its core, a LCFS is designed to divert drivers from using gasoline and diesel fuel and increase their reliance on lower-carbon alternatives such as cellulosic ethanol or electric and natural gas vehicles. Because these alternative fuels are not capable of meeting the overwhelming demand that a LCFS will require, it is most likely that the program will dramatically increase transportation costs for consumers.

The majority of the 146,341 convenience stores in America are small, independent operators. In fact, nearly 62 percent of the companies operating convenience stores operate only a single store. Collectively, our industry sells more than 80 percent of our nation's gasoline and our members understand how increased transportation costs will affect their customers, their communities and their businesses. As our nation struggles to recover from the recent recession, now is not the time to implement a policy that will put Main Street businesses, hardworking Americans, and the entire public and private transportation sector in peril.

NACS is strongly concerned that the economic benefits accruing to customers in the Northeast/Mid-Atlantic region are unlikely and unreasonable, given the overly optimistic and flawed assumptions upon which NESCAUM based its analysis. In fact, NACS has concerns that an CFS/LCFS will significantly increase the transportation fuel costs for consumers due to a lack of available and affordable alternative fuels. NACS intends to share its concerns directly with Governors in the proposed region.

Sincerely,

Corey j Fitze
Director of Government Affairs
National Association of Convenience Stores