

18 March 2013

Senate Transportation and Housing Committee
California State Senate
State Capitol, Room 2209
Sacramento, CA 95814

Re: Informational Hearing: AB 32 Implementation: Light Duty Vehicles
and Their Fuels

Dear Chairman DeSaulnier and Vice-Chairman Gaines:

Thank you for the opportunity to provide comment and additional information on the status of the implementation of the Low Carbon Fuel Standard under AB 32 and the involvement of Neste Oil under this program.

Neste Oil continues to focus on the production of premium-quality, lower-emission traffic fuels and has a long history in providing such clean fuels to California refined from traditional petroleum products. Consistent with our vision to be the preferred partner for cleaner traffic fuel solutions, Neste Oil has expanded into producing transportation fuels from renewable feedstocks and is the leader and largest producer world-wide of non-ester renewable diesel marketed under the name NExBTL[®]. This renewable diesel has significantly lower carbon intensity as compared to petroleum diesel and is almost free from aromatics and sulfur, whilst reducing NOx, particulate, and hydrocarbon tailpipe emissions.

Neste Oil supports California's commitment to reducing the greenhouse gas emissions associated with transportation fuel and has incorporated this demand for low carbon fuels into our business plans.

Specifically, Neste Oil has already delivered commercial volumes of NExBTL[®] renewable diesel derived from tallow and produced at its Singapore facility to its California refiner customers and expects to deliver approximately a hundred million gallons of NExBTL[®] renewable diesel fuel into California this year.

With the addition of more approved low-carbon pathways, Neste Oil hopes to significantly increase the volume of low-carbon renewable diesel that it will deliver to its California customers.

Neste Oil - Houston

1800 West Loop South, Suite 1700
Houston, Texas 77027-3219 USA
Tel. (713) 407-4400 Telefax (713) 407-4480





Using its recently approved CI pathway value and the other pending CI pathway values, Neste Oil anticipates that volume of fuel could generate approximately 2.5 million MT of CI Credits under the LCFS program during the years 2013-2014.

While no one producer or type of low-carbon fuel will be able to replace traditional petroleum transportation fuels in the near term, Neste Oil believes its efforts, along with others like it, can contribute to the continued success of the Low Carbon Fuel Standard.

Neste Oil appreciates the opportunity to provide comment to this information hearing.

Please do not hesitate to contact me at 713.407.4400 or Neville.Fernandes@nesteoil.com if you have any questions regarding the foregoing.

Respectfully submitted,

Neste Oil US, Inc.

A handwritten signature in blue ink, appearing to read "Neville Fernandes".

Neville Fernandes, President