Don Gilstrap
Manager, Fuels Regulations

May 7, 2024

Rajinder Sahota
Deputy Executive Officer – Climate Change and Research
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Ms. Sahota:

Re: April 2024 LCFS Workshop

Chevron appreciates the opportunity to review and comment on the subject Low Carbon Fuel Standard workshop.

Chevron is a major refiner and marketer of petroleum products and renewable fuels in the state of California and a regulated party under the Low Carbon Fuel Standard (LCFS). Chevron is also an international producer of lower carbon intensity fuels with a global integrated procurement, distribution and logistics network and 11 biorefineries in the U.S. and Europe.

Following are our comments on the workshop and additional elements of this rulemaking.

Key Messages

- No science-based case has been made for the need to establish sustainability guardrails.
- If CARB intends to move forward with the proposed deficits for intrastate jet use, then a separate workshop is needed to discuss the inherent compliance challenges.
- A technical workshop on the updates to CA-GREET4.0 is critical to ensure CARB has gathered stakeholder feedback.
- CARB should align the LCFS with Oregon and Washington by allowing exempt applications to voluntarily opt in to the program.

Sustainability Guardrails

As previously noted, renewable fuels consumed in the United States are subject to the Renewable Fuel Standard which has strict requirements around land use, particularly for crop-based feedstocks grown outside of the US and Canada. Therefore, an additional sustainability scheme as part of the LCFS is not necessary.

Since CARB asked for input on potential sustainability schemes for review, we suggest including the Canada Clean Fuel Regulation (CFR) as an option in addition to EU RED voluntary schemes. The vast majority of LCFS credit-generating low CI fuels come from US and Canada feedstocks and most of those feedstocks do not participate in an EU RED voluntary scheme today. With the advent of the Canada CFR's land use and biodiversity (LUB) criteria, many of those US and Canada feedstock suppliers are now working on complying with that regulation. Canada's program is similar to the EU RED requirements other than the date for when the land cannot have changed (e.g. January 1, 2008 vs July 1, 2020). Again, the U.S. Renewable Fuel Standard prohibits credit where land use changed after December 2007.

We do want to note that some Canada CFR compliant feedstocks and some ISCC certified feedstocks are commanding a higher price in the market today than non-compliant ones. CARB adding a sustainability scheme will likely raise costs across lower-CI fuel supply chains.

One potential positive from a sustainability scheme is that this type of traceability should allow CARB to lower land use change (LUC) values for certain feedstock/fuel combinations. This is similar to the concepts presented on slide 64-65 which discussed higher LUC values for some feedstock/fuel combinations. There is significant ongoing work in US and Canada agriculture to lower the CI of farming practices and produce crops with lower CI profiles. CARB should incorporate these innovative practices to lower the CIs of these feedstock/fuel combinations prior to the proposed January 1, 2028 implementation date.

<u>Intrastate Jet Deficits</u>
Chevron opposes the proposal to assign deficits to fossil jet fuel used for intrastate flights in California. Because these new deficits can be met with credits from any lower-CI fuel, we do not believe this proposal will achieve the intended goal of increasing the use of alternative jet fuel (AJF). It will instead create a complex and impractical compliance framework that will increase the cost of air travel and affect interstate and international flights as well. We recommend that CARB remove this proposal from the rulemaking and consider other ways to incentivize AJF production and consumption.

If CARB intends to retain this proposal, it is critical that a technical workshop be held to address the issues with the proposed regulatory amendments. As written, there is no realistic path to compliance.

<u>CA-GREET4.0</u>
We request that CARB present a technical workshop which goes over the key changes between CA-GREET3.0 and CA-GREET4.0. None of the workshops to date have discussed the model in detail, and we believe it is important for participants in the LCFS program to understand the changes and provide

feedback on them. The CA-GREET4.0 model has an outsized role in the program and will be used for several years to come. A workshop with more technical discussion should be held.

<u>Encouraging Renewables Growth</u>
There was significant interest expressed during the workshop around encouraging growth in renewables use in the marine sector, in addition to the aviation sector. To promote this growth, we suggest that CARB allow exempt applications in 95482 to voluntarily opt in to the program as is done under Oregon and Washington's programs.

We suggest the following update to 95482(d):

> Exemption for Specific Applications. The LCFS regulation does not apply to any <u>**deficit-generating**</u> transportation fuel used in the following applications:

Thank you for the opportunity to comment on these matters. If you have any questions regarding our comments, please contact me at (925) 842-8903 or DGilstrap@chevron.com.

Sincerely,