



May 9, 2024

Re: Comments on the April 10, 2024 Workshop on proposed LCFS amendments and rulemaking

Submitted electronically: <https://ww2.arb.ca.gov/public-comments/low-carbon-fuel-standard-workshop-april-10-2024>

California Air Resources Board,

Thank you for the opportunity to comment on the April 10, 2024 workshop and related proposed changes to the Low Carbon Fuel Standard. Crimson Renewable Energy greatly appreciates the efforts of CARB staff and engagement with stakeholders in moving forward to meet GHG reduction goals.

Crimson Renewable Energy (“Crimson”) operates the largest biodiesel production facility in California, creating ultra-low carbon biodiesel to fuel California communities with cleaner burning, climate friendly fuel. We have been a stakeholder in the LCFS since the beginning of the regulation and appreciate and support the efforts of CARB staff in moving toward a cleaner, low carbon energy future.

Support for More Stringent CI Targets and Changes to Auto Acceleration Mechanism

As climate change accelerates and we approach irreversible (or at least increasingly difficult to reverse) adverse effects, near-term reductions in GHG emissions are more valuable than GHG emissions reductions 20 years or even 10 years in the future. When looking at the consecutive quarter-on-quarter growth in the quantity of positive net credit generation over the past 2 years, alternative fuel suppliers have clearly demonstrated their ability to provide increasingly greater carbon reductions than what the LCFS program has called for thus far. For these reasons, the LCFS program needs to be significantly more aggressive in setting carbon reduction targets to keep pace with the growing availability of lower carbon alternative fuels, and to send the right market signals to both preserve existing low carbon fuel production and infrastructure investments and simultaneously encourage continued investment in the growth of low carbon transportation fuels and related infrastructure.

The 5% and 7% step-down scenarios shown in the April 10 workshop are insufficient to balance the market in the near term and address the very large balance in the credit bank, and would require the Auto Acceleration Mechanism (“AAM”) to trigger in order to address these imbalances. This would result in an unnecessary delay in correcting the significant imbalance in the existing credit bank and in ongoing quarterly growth in net credit generation. **Unless the AAM could be invoked in 2025 with the accelerated carbon reduction targets taking effect in Q1 2026 combined with a 7% step down, Crimson supports the more stringent CI target of 30% by 2030 with a 9% step down in 2025 rather than the 5% step down proposed in the December 2023 Initial Statement of Reason (“ISOR”).**

Absent a 9% stepdown in 2025, Crimson urges CARB to implement a 7% stepdown in 2025 combined with adjusting the AAM such that (i) it can triggered as early as Q2 2025 based on either 2024 or trailing 12-month LCFS quarterly reporting data, and (ii) the time frame for carbon reduction compliance acceleration to take effect would be as early as feasible, not in the next year. For example, it could take effect in the compliance quarter immediately following the calendar quarter in which AAM was triggered.

Technological Feasibility: Advances in low-carbon fuel technologies and renewable energy sources and significant expansion in renewable fuel production capacity have made it feasible to achieve more aggressive carbon intensity (CI) reductions in the very near term. The market is ready, and the technology is available.

Economic Impetus: A near-term step-down can stimulate the green economy by incentivizing investments in low-carbon fuel production, infrastructure, and research & development. A 30% or higher reduction by 2030 combined with a 9% stepdown in 2025 supports the industries that will deliver the emissions reductions. A strong signal is needed to spur continued investment and support the entities already providing emissions reductions. Without the increased reduction to at least 30% and an aggressive 9% stepdown, the demand for credits will remain low, causing low carbon fuel producers to lose competitiveness against petroleum and higher-emission fuel producers and deter future investment.

Health and Environmental Benefits: More stringent CI reduction targets will lead to significant reductions in harmful pollutants, resulting in cleaner air, fewer health-related issues, and a safer environment for Californians.

Economic Resilience: By setting a clear path for CI reductions, LCFS stakeholder and low carbon fuel producers can plan and invest with certainty, fostering innovation and creating jobs in the green energy sector.

Sustainability Requirements

The transition to electrification and hydrogen for heavy duty vehicles, locomotives and other transportation types that rely on diesel fuels will take decades. The transition to sustainable aviation fuels will similarly take decades. The transition to a fully electrified light and medium duty vehicle population will likely not happen in the next decade. The carbon reduction being delivered by alternative diesel fuels and other bio-based fuels is especially critical in the next 10-20 years because globally we need as much carbon reduction as possible to avoid reaching irreversible (or extremely difficult to reverse) tipping points that will further accelerate global warming with catastrophic results. Thus, bio-based fuels produced from a variety of feedstocks are critical in the near and intermediate term.

That said, Crimson supports establishing strong sustainability and related tracking requirements, but urges that CARB set standards / requirements for sustainability for crop-based biofuels via a stakeholder input process rather than simply adopting an existing sustainability framework such as ISCC or RSB. During the April 10th workshop, CARB Staff stated “biofuel production must not come at the expense of deforestation or food production.” Crimson supports this sentiment. However, also during the April 10 workshop CARB Staff confirmed they had not establish specific sustainability requirements for crop-based biofuels, and stated that it would likely implement existing third party

sustainability frameworks such as ISCC or RSB. The LCFS is a performance-based program; it sets carbon reduction targets for transportation fuels that must be met. To be consistent with a performance-based program, CARB should establish specific sustainability requirements that are consistent with LCFS program objectives and develop such requirements via a stakeholder input process.

CARB has thus far not specifically laid out the specific sustainability problems it seeks to solve. This is integral to the process of establishing requirements. For example, what specific environmental, social, and economic criteria are essential for the California LCFS program and how are these aligned with program goals? To better meet CARB Board members request to “explore guardrails,” we ask that CARB not establish specific sustainability certification requirement during this LCFS rulemaking and Instead work via a stakeholder input process to develop specific program sustainability objectives and requirements that are practicable for implementation by the biofuels value chain. As it relates to crop-based biofuels, CARB should ensure that sustainability requirements encourage climate smart agricultural practices rather than provide disincentives.

GREET Correction

We support the comments of the Clean Fuels Alliance America (CFAA) where CFAA highlights the error in the prior model correction. Specifically, the CA-GREET 4.0 tailpipe emission factors for NOx and CH4 for biodiesel and renewable diesel. In the prior correction staff, instead of adjusting emissions by 2.74 gCO2e/MJ, adjusted it by 4.78 gCO2e/MJ. This incorrectly lowers the emissions reductions from biodiesel and renewable diesel.

In conclusion, we believe that amendments to the LCFS to increase the stringency of CI reduction targets through 2030, implement a step-down in CI benchmark stringency in 2025, and the introduction of the Automatic Acceleration Mechanism are urgently necessary and should be implemented in 2024. However, we urge CARB to take a more aggressive stance on these amendments as noted above in order to strengthen the California LCFS and send market signals that will not jeopardize low carbon fuel production investments made to date and encourage further growth and investment.

Thank you for your consideration of the above comments

Sincerely,



Harry Simpson
President & CEO
Crimson Renewable Energy