

PEARSON **FUELS**

May 10, 2024

Liane M. Randolph
Chair

Steve Cliff
Executive Officer

California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Pearson Fuels comments on April 10th Low Carbon Fuel Standard Workshop

Dear, Chair Randolph and Executive Officer Cliff,

RTC Fuels, LLC, dba Pearson Fuels (“Pearson Fuels”), appreciates the opportunity to provide comments on CARB’s April 10th workshop regarding California’s Low Carbon Fuel Standard. Pearson Fuels is the largest distributor of E85 in California, supplying more than 370 fueling locations across the state. Pearson Fuels is providing an innovative, low-carbon E85 by replacing the gasoline component of E85 with renewable naphtha wherever possible. Paired with cellulosic ethanol, this E85 is fully renewable and low aromatic with greenhouse gas reductions approaching 80% compared to CARB unleaded gasoline.

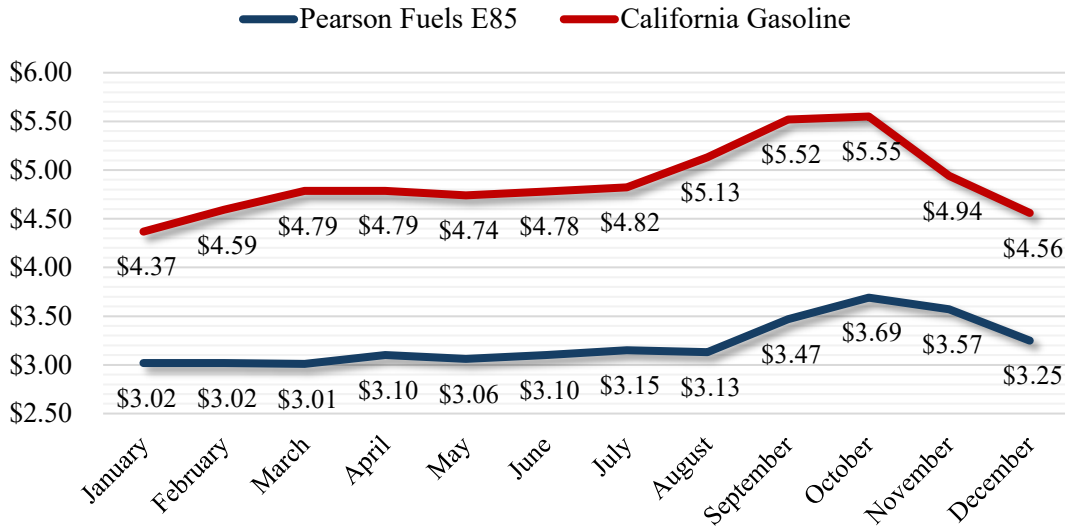
These comments focus specifically on a topic for discussion presented during the April 10 workshop. Given that existing internal combustion engines will provide essential access to transportation for many years, particularly to low- and moderate-income Californians, what liquid fuel options exist to meet demand, deliver GHG reductions and improve air quality?

E85 is a perfect example of how the Low Carbon Fuel Standard supports the growth of cleaner fuels without making those fuels more expensive for the consumer. Indeed, over the last several years, E85 has consistently saved consumers with flex fuel vehicles (FFVs) money compared to gasoline on a cost per mile basis.

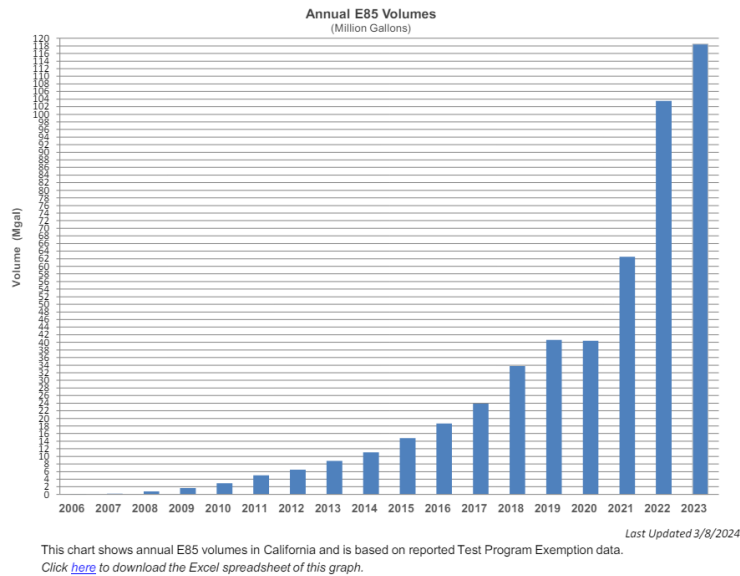
E85 can help the state in multiple ways. First, its carbon intensity can be as much as 80 percent less than regular gasoline.¹ Second, E85 offers substantial price discounts relative to gasoline, as seen in the graph on the following page. Finally, E85 allows Californians to dramatically reduce or eliminate petroleum consumption in the light-duty fleet. More than a third of the E85 fuel that Pearson Fuels supplies to the market is now composed of ethanol and renewable naphtha, instead of gasoline. Today, this E85-naphtha blend is 98% renewable and is the only light-duty liquid fuel that is both commercially available and capable of helping California achieve its goal of a 94% reduction in fossil fuel consumption by 2045, as called for in the 2022 Final Scoping Plan.

¹ LCFS Pathway Certified Carbon Intensities, retrieved from <https://ww2.arb.ca.gov/resources/documents/lcfs-pathway-certified-carbon-intensities>

Average Retail Price, 2023



The volume of E85 supplied to California drivers in 2023 reached a record-high 118.5 million gallons, continuing a remarkable 15-year trend of significant year-on-year growth.²



Along with strong market-share growth, the other promising trend for E85 is the re-emergence of new FFV models capable of using low-carbon E85. General Motors is offering 2025 FFV models in the Chevrolet Trax and Chevrolet Trailblazer, as well as the Buick Encore and Buick Envista.³ These vehicles will be affordable, with the added benefit of insulating drivers from \$5-

² California Air Resources Board, Alternative Fuels: Annual E85 Volumes, retrieved from <https://ww2.arb.ca.gov/resources/documents/alternative-fuels-annual-e85-volumes>

³ California Air Resources Board, New Vehicle and Engine Certification: Executive Orders for newly-certified Passenger Cars, Light-Duty Trucks, and Chassis Certified Medium-Duty Vehicles, retrieved from https://ww2.arb.ca.gov/sites/default/files/classic/msprog/nvepb/executive_orders/EO%20Web%20Files/PC-LDT-MDV/2025/0001/pc-ldt-mdv_pc_a-6-2427__sdt--20240202.pdf

PEARSON **FUELS**

\$6/gallon gasoline. While not certain, it is quite possible that the remarkable 15-year surge in E85 demand in California and the corresponding uptick in E85's utilization rate in FFVs was a factor behind GM's decision to offer more FFV models in 2025. We are also hopeful that Toyota's leadership in introducing strong hybrid FFVs in Brazil and initiating a strong hybrid pilot project in India will soon enter the U.S. – particularly the California marketplace.⁴

New FFVs offer the opportunity for massive carbon reductions at more affordable costs while driving down petroleum demand and creating competition in the liquid fuels market. We encourage CARB to consider FFVs as a practical and cost-effective solution to the challenge that long-lived internal combustion engines pose to California's petroleum and GHG reduction goals. The Pearson Fuels team is always available to serve as a resource on E85 and FFV issues, and we appreciate the engagement that we have had with CARB over our 22-year history of supplying alternative fuels to California.⁵

We urge CARB to continue to leverage E85 by exploring opportunities to incentivize automakers to manufacture FFVs. As UC Davis has noted in previous studies, California will need two billion gallons of gasoline alternatives by 2040, even under the most ambitious ZEV deployment scenarios.⁶ To that end, we highlight a recommendation from our comments to CARB in September 2023 regarding potential changes to the Low Carbon Fuel Standard:

“Expanding the supply of both FFVs manufactured by automakers and conventional gasoline vehicles converted to FFVs via aftermarket devices provides tremendous opportunities to empower all Californians to decarbonize while reducing consumer fuel costs and cutting fossil fuel usage.”

In closing, we support the most aggressive CI reductions that CARB determines feasible and commend CARB for the success of the LCFS program.

Sincerely,



Jeff Wilkerson

Government Policy and Regulatory Affairs Manager
Pearson Fuels

Cc: Joshua Cunningham, Branch Chief, Advanced Clean Cars
Mike McCarthy, Chief Technology Officer, Advanced Clean Cars

⁴ Toyota, “Launch of Toyota’s first of its kind pilot project on Flexi-Fuel Strong Hybrid Electric Vehicles (FFV-SHEV) in India, <https://www.toyotabharat.com/news/2022/launch-of-toyotas-first-of-its-kind-pilot-project-on-flexi-fuel-strong-hybrid-electric-vehicles-ffv-shev-in-india.html>

⁵ See: Pearson Fuels Website, “The Story of Pearson Fuels,” at <https://pearsonfuels.com/about/#:~:text=Established%20in%202002%2C%20Pearson%20Fuels,revolutionize%20the%20traditional%20fuel%20industry.>

⁶ Brown, A. L.; Sperling, D.; Austin, B.; DeShazo, JR; Fulton, L.; Lipman, T., et al. (2021). Driving California’s Transportation Emissions to Zero. *UC Office of the President: University of California Institute of Transportation Studies*. <http://dx.doi.org/10.7922/G2MC8X9X> Retrieved from <https://escholarship.org/uc/item/3np3p2t0>