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May 10, 2024

Rajinder Sahota

Deputy Executive Officer for Climate Change & Research

California Air Resources Board

1001 I Street

Sacramento, CA 95814

RE: World Energy's Comments on the April 10 Low Carbon Fuel Standard Workshop

Dear Ms. Sahota and CARB Staff,

World Energy values the opportunity to provide comments on the proposed amendments to the Low Carbon Fuel Standard (LCFS). We thank CARB staff for your efforts and dedication through this extensive rulemaking to engage in continuous stakeholder feedback and ensure proper changes are made to increase the ambition of the LCFS program.

World Energy is one of the largest and longest-serving advanced clean energy suppliers in North America. We were the world's first producer of sustainable aviation fuel (SAF) and remain leaders in the field of renewable fuels. Our facility in Paramount, CA is in the final stages of conversion from a petroleum refinery to a 100% renewable fuels bio-refinery. When completed, World Energy's Paramount facility is projected to increase production capacity to approximately 350 million gallons of low carbon fuels per year. We have made significant investments in continuously reducing the carbon intensity of our fuels and producing very-low carbon fuels for the California market. We have fuel pathways providing up to an 85% reduction in carbon intensity (CI). Our fuels have helped the LCFS program meet and exceed its targets, and our Paramount plant is a premiere example of the clean energy future. World Energy continues our commitment to reduce transportation emissions including investing \$4 billion in scaled manufacturing and new technologies to achieve our goal of supplying 1 billion gallons of sustainable aviation fuel annually by 2030.

World Energy wishes to provide the following comments in response to the potential refinements to the proposed regulatory amendment package presented on April 10:

World Energy recognizes the time and work CARB staff has put into this rulemaking process. However, we urge CARB to finalize the rulemaking quickly and present the proposal to the CARB Board as early as possible. The proposed amendments are important to ensuring the program continues lowering the CI of fuels, but they will need to be implemented soon to send the correct market signals. As the rulemaking timeline continues to extend, uncertainty is arising both for LCFS participants and investors, which can be detrimental to the program. Finalizing the LCFS rulemaking will provide clarity to the market that low carbon fuels will continue to play a crucial role in decarbonizing California's transportation sector.



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Increased Step-Down

World Energy appreciates the consideration and additional modeling presented during the April 10 workshop which included a 7% and 9% step-down. As mentioned in our previous written comments to the proposed amendments, the 5% step-down is not enough to right-size the current credit to deficit ratio. Increasing the step-down to 9% will recalibrate the credit bank and make use of the existing credit bank, which is likely to approach or surpass 30 million credits this year.

However, pursuing a more aggressive stepdown should not mean a more gradual year-over-year reduction slope between 2026 and 2030. Instead, a 9% stepdown should be coupled with the same 2030 reduction slope that was proposed in the 45-day rulemaking package. This alone will calibrate the market and ensure that California is pursuing the greatest possible emission reductions.

Sustainability Criteria

We recognize that sustainability is a critical provision for biofuel development, and we actively participate with the Roundtable for Sustainable Biomaterials (RSB) to receive regular ongoing third-party audits to provide our customers with assurance and confidence that our practices comply with the RSB 12 Principles and Criteria of Sustainability.

We would also suggest that CARB consider recognizing Climate Smart Agricultural practices in a manner that could incentivize the practices with feedstock crops that build and improve soil carbon while simultaneously producing biofuels that can maximize the atmospheric carbon capturing ability of the biofuel value chain. This could unlock the potential for truly negative CO₂ liquid fuels that can better achieve the program goals, broaden agricultural community engagement, and extend the value chain to align the program benefits with a broader participation of the agricultural community.



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Specifically, analyzing farm-level sustainability is an opportunity to achieve further tangible reductions in CI. Opening the program to farmers in this manner will create additional economic opportunities and incentivize innovation for improved regenerative agriculture practices to further boost the transition from fossil fuels.

Because of the scale of the climate problem we are addressing, we need to construct a supportive supply chain that can maximize the natural carbon capturing capability of the biosphere at scale with durable support and commitment through the transition from fossil fuels. The LCFS can continue to be the most successful tool for achieving that success.

We appreciate CARB staff's ongoing work during this rulemaking and considering the feedback provided by stakeholders. World Energy looks forward to the finalization of this LCFS rulemaking to ensure the needed signals are in place.

Sincerely,

A handwritten signature in black ink, appearing to read 'SLewis'.

Scott Lewis
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