



May 10, 2024

Re: Comments on the April 10th Workshop

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

California Air Resources Board,

The Clean Fuels Alliance America (Clean Fuels)¹ and California Advanced Biofuels Alliance (CABA)² appreciate the opportunity to provide comments on the April 10th workshop. Clean Fuels and CABA have been longtime supporters of the state's overall climate and air quality improvement goals and have collaborated frequently with CARB staff toward achieving those goals. As noted in staff's presentation, in 2023, over 60% of fossil diesel has been displaced by biomass-based diesel provided by our members. We continue to be strong supporters of California's efforts to decarbonize its economy, especially the transportation sector, with a comprehensive all-of-the-above suite of measures.

Clean Fuels and CABA appreciate the enormity of staff's efforts throughout this rulemaking process to amend the Low Carbon Fuel Standards (LCFS) – from holding workshops and making themselves available for meetings, and updating the technical analysis based on our feedback – and find the right combination of feasibility, flexibility and certainty needed for the LCFS to continue its success. Along those same lines, Clean Fuels and CABA and its members have also spent countless hours educating staff on the intricacies of our industry by providing information and real-life perspective on how staff's proposals may impact our industry.

With respect to the materials and concepts presented in the April 10th workshop, Clean Fuels and CABA have the following comments:

- We strongly encourage CARB to implement an immediate **9% step-down** (rather than the 5% proposed in the Initial Statement of Reason). The 9%step-down scenario provides the most certainty to rebalance the LCFS credit bank in the short-term, as intended within this

¹ Clean Fuels Alliance America (Clean Fuels) is the U.S. trade association representing the entire biodiesel, renewable diesel, and sustainable aviation fuel supply chains including producers, feedstock suppliers, and fuel distributors serving the on- and off-road applications, rail, marine, and heating oil markets. Made from an increasingly diverse mix of resources such as recycled cooking oil, soybean oil, and animal fats, the clean fuels industry is a proven, integral part of America's clean energy future.

² California Advanced Biofuels Alliance is a not-for-profit trade association promoting the increased use and production of advanced biofuels in California. CABA represents biomass-based diesel (BMBD) feedstock suppliers, producers, distributors, retailers, and fleets on state and federal legislative and regulatory issues.

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rulemaking. The 5% and 7% step-down scenarios are insufficient to balance the market and would require the Automatic Acceleration Mechanism (AAM) to trigger in order to draw down the credit bank. This would result in an unnecessary delay in correcting the market at a time when credit prices are at an all-time low. We believe that the 9% step-down should be sufficient to rebalance the market and return credit prices to robust levels; but if it doesn't, then coupling it with an AAM would provide an important insurance mechanism to do so.

- We strongly encourage CARB to develop an AAM that starts in 2026 (rather than 2027 as proposed in the ISOR). If the market continues to overperform and the credit bank continues to swell, then the delay of an additional year to act will further harm the industry. Quicker action is needed to avoid this negative outcome.
- We encourage CARB to fix an error in the proposed CA-GREET 4.0 to the tailpipe emission factors for NO_x and CH₄ for biodiesel and renewable diesel. This error is a result of increasing emissions from fossil diesel and should carry over to BMBD as well. At the April 10th workshop, staff acknowledged the mistake and said that the error had been corrected but the correction is also inaccurate; instead of adjusting emissions by 2.74 gCO_{2e}/MJ, they adjusted it by 4.78 gCO_{2e}/MJ. This overcorrection results in fewer GHG reductions occurring from the use of biodiesel and renewable diesel.
- We support the tracing requirements for specified source feedstocks that are included in the proposed regulation. Full chain-of-custody documentation throughout the entire supply chain will demonstrate that waste feedstocks meet the goals of the program and help facilitate continued broad support for these important low carbon products. We support CARB staff engaging in rigorous oversight over all pathways - whether virgin or waste - to ensure accuracy and legitimacy of the respective low carbon fuels.
- We appreciate CARB's efforts to update its assumptions about the recent trends in biomass-based diesel feedstock trends, crop-based oil prices, and soy production and consumption³. We agree with staff's analysis that increasing investments in production and crushing infrastructure will increase the domestic virgin oil supply and that it is uncertain whether a substantial increase demand will occur in California over the long-term.⁴ To that point, we remain concerned regarding the continuing call for guardrails to reduce the risk of potential impacts from an unsubstantiated demand increase.
- We respectfully request that the GTAP model be updated to use the most recent data available (2022) given that the land use change values were last updated in 2015; indeed, the current GTAP modeling that the LCFS relies on uses outdated datasets, some of which are now nearly two decades old. Failure to update the GTAP model is particularly puzzling

³ Staff presentation, Slides 53-56.

⁴ Staff presentation, Slide 57.

in light of the rulemaking's proposed updates to every other model the LCFS relies on and staff's latest proposal to allow for the use of empirical data to inform a fuel and feedstock combination that is not currently covered by a Table 6 value, a concept that we support. Updating the Table 6 values would bring consistency across the data sets used to determine the carbon intensity of fuels throughout the program. Updating GTAP for US-based soy is particularly important with respect to the above-mentioned forecast about the growth in domestic soy oil production and its value in the California market.

Further, the failure to update GTAP might suggest that CARB is confident that GTAP adequately addresses sustainability concerns in the geographic areas that are listed in Table 6, which means those areas should automatically exempt from any additional sustainability requirements.

- While there is significant urgency in updating the items above, there is no parallel urgency to adopt additional sustainability guardrails. As stated above, with the growth in the domestic supply of feedstocks and existence of similar sustainability programs, CARB has not proven that additional sustainability certifications are necessary at this time. We strongly recommend that CARB convene a working group that includes agricultural feedstock providers, feedstock processors, and biofuels producers to help flesh out workable sustainability guardrail provisions that CARB can complete by the second quarter of 2025. This gives time for the working group to meet and develop reasonable solutions while allowing CARB to continue to focus on implementation of the rest of the LCFS update by the end of 2024. Our members are eager to work with CARB staff to work through the many details involved in this topic.

Providing additional process to develop such an important element of the program would be in line with past CARB practices. To illustrate, the current rulemaking introduced for the first time proposed sustainability provisions in late December 2023, followed by a single workshop in April 2024 where those provisions were a relatively minor part of the discussion agenda; by contrast, CARB previously engaged in a near-2 year public process focused solely on an attempt to develop sustainability criteria for the LCFS in the early 2010s, pursuant to Board Resolution 09-31⁵.

In order to expedite the discussions of the working group, we encourage CARB to consider comments submitted by two of our partners, the National Oilseed Processors Association (NOPA) and the American Soy Association (ASA).

- NOPA offers the recommendation that a targeted risk-based approach be used to consider risk associated with deforestation and the sustainability of crop-based fuels, by separating out 1) low-risk regions and 2) imported feedstocks and high-risk regions or regions without insufficient data. Implementing a targeted risk-based approach to sustainability criteria offers several advantages. It allows CARB to prioritize resources and regulatory efforts where they are most needed, ensures that sustainability criteria are effectively applied without imposing unnecessary burdens on low-risk regions or

⁵ [CARB Board Resolution 09-31](#) at 17.

established sustainability programs, and ensures sufficient supplies of low-carbon fuels for the California market.

- ASA offers the recommendation that CARB consider existing regulatory requirements and voluntary practices to satisfy sustainability concerns, specifically the US Soy Sustainability Assurance Protocol (SSAP). The SSAP is a trusted and widely accepted tool to verify sustainable soy production in the US and can be modified to become the roadmap for the global scene as well.

Clean Fuels and CABA thank CARB staff for their continued efforts to strengthen the LCFS and provide the vision for the program to meet California's carbon neutrality goals. Thank you for your consideration of these comments. We look forward to continuing our strong collaboration with CARB and staff.

Sincerely,



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