



SUBMITTED VIA ELECTRONIC FILING

May 10, 2024

Matthew Botill
California Air Resources Board
1001 I Street
Sacramento, California 95814

RE: CRTA Comments in Response to April 10th Low Carbon Fuel Standard Workshop

Dear Mr. Botill,

The Low Carbon Fuel Standard (LCFS) market is experiencing historic negative trends that threaten the continued viability of this nationally recognized program that has been the state's best most successful mechanism for decarbonizing transportation. Again this week, the LCFS credit prices reached an historic low, dropping below \$50, and the credit bank reached an all-time high. The California Air Resources Board (CARB) must act as soon as possible to reverse these outcomes. Investments in alternative fuels have already suffered since this discussion began nearly three years ago and prolonged consideration will only exacerbate the issue.


The California Renewable Transportation Alliance (CRTA) is a diverse coalition of renewable fuel producers, fleet operators, engine manufacturers, consumers, and utilities who, in long-term partnership with the state, have invested millions of dollars in cost-effective alternatives to decarbonized California's transportation sector. We are committed to continuing to help California meet its ambitious climate change objectives. It is within that spirit that we offer this feedback to the alternatives presented at the April 10th LCFS workshop:

1. **Adopt the 9 percent "step-down" proposal.** Market conditions for the LCFS program are rapidly deteriorating. An aggressive step-down is necessary at this point to restore balance to the credit bank.
2. **Initiate the Automatic Accelerator Mechanism (AAM) as soon as possible.** If the 9 percent "step-down" fails to draw down the LCFS credit bank, the AAM should be activated as soon as possible (as early as 2025) to further adjust the curve to an appropriate level to achieve market stability.
3. **Impose a midterm target closer between 30-44 percent by 2030.** As we stated in previous comments, while staff's original midterm goal of 30 percent moves in the right direction, the ICF analysis has demonstrated that a more stringent curve is achievable. Declining market conditions have further punctuated the need for greater action. While the midterm target should not be less than 30 percent, we urge you to be bolder and set a target closer to the ICF recommendation of 41-44 percent.

4. **Adopt the avoided methane credit and “book and claim” provisions outlined in staff’s proposed amendments to LCFS .** LCFS has proven to be a key driver for the effective capture and reuse of otherwise unabated methane emissions, particularly from dairy operations. The use of RNG derived from this process not only helps to decarbonize internal combustion engines like low NOx natural gas trucks and buses, but it can also be used to power and decarbonize battery-electric and hydrogen-based platforms, as envisioned in CARB’s 2022 Scoping Plan Update. Therefore, CRTA supports CARB staff’s recommendation to continue its application of avoided methane accounting and the program’s use of “book and claim” deliverability for RNG projects developed on or before December 31, 2029 that support the transportation sector. We also support CARB staff’s recommendations to provide additional time for RNG-supported hydrogen pathways to boost production of this versatile fuel and capitalize on initial funding for infrastructure and production.
5. **Apply staff’s proposed “True Up” provision to the entire dairy operation.** This will allow projects to recover credits generated on the first day of operation instead of being forced to wait until certification. If not corrected, such delays can deter investment due to the potential for significant interim monetary loss, often calculated in the millions.
6. **Adopt administrative reforms that can help smooth out the process.** For example, streamlining dairy pathway certification from a Tier 2 to a Tier 1 process and reducing long pathway review times by allocating more staff hours to the evaluation.

We look forward to continued conversations with you on the LCFS amendments. Feel free to contact me at nicolerice@ca-rta.org if you have any questions regarding our position.

Respectfully,



Nicole Rice, President
California Renewable Transportation Alliance