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Clerk of the Board
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Submitted electronically via: <https://ww2.arb.ca.gov/public-comments/potential-amendments-cap-and-trade-regulation-may-31-2024>

RE: POET COMMENTS ON MAY 31, 2024 CAP-AND-TRADE RULEMAKING WORKSHOP

Dear CARB Board Members:

POET appreciates the opportunity to provide comments on the May 31, 2024 workshop held to discuss potential refinements to the California Air Resources Board's ("CARB") Cap-and-Trade Program ("Proposed Amendments"). POET has participated actively in CARB's ongoing rulemaking and submitted detailed [comments](#) on October 26, 2023 regarding the Proposed Amendments. We write now to offer feedback specific to the matters discussed during the May 31, 2024 workshop and to reiterate our earlier comments.

As explained in the October 26 comment, POET believes that CARB should maintain the exemption for all bioethanol-derived emissions from Cap-and-Trade compliance obligations. Comprehensive lifecycle considerations of biofuels are addressed under CARB's Low-Carbon Fuel Standard ("LCFS"), which accounts for emissions associated with biofuels and any associated fossil denaturants, as well as any land-use change impacts that may exist. Removing the exemption for biofuels from the Cap-and-Trade Program would arbitrarily account for only part of the biofuel lifecycle and serve only to create unnecessary administrative burdens.

During the May 31 workshop, CARB requested feedback on whether the Cap-and-Trade exemption for ethanol fossil denaturant CO₂ emissions should be removed. *See* California Air Resources Board, *Cap-and-Trade Program Workshop*, (May 31, 2024), available at https://ww2.arb.ca.gov/sites/default/files/2024-05/nc_CapTradeWorkshop_May3124.pdf, (Slide 40). This Proposed Amendment faces the same problems associated with removing the exemption for biofuels altogether; it arbitrarily accounts for only part of the biofuel lifecycle and creates unnecessary administrative burdens. Rather than the piecemeal approach to regulating biofuels through the Proposed Amendments, CARB should maintain its oversight of biofuels, including the associated fossil denaturants, through the comprehensive LCFS program.

POET recognizes that CARB did not explicitly discuss removing the biofuels exemption altogether during the May 31 workshop; however, in view of the discussion during earlier workshops, POET urges CARB to clarify whether such an amendment is still under consideration.¹ And, for the same reasons explained in our October 26 comment, POET strongly believes the biofuels exemption should be maintained. In addition, POET reiterates its suggestion that CARB expand the list of exempted biofuels to include low-carbon biofuels such as biobased sustainable aviation fuel, biobased fuel methanol, and biobased hydrogen, to help reduce fossil fuel consumption and combat climate change.

CONCLUSION

POET appreciates the opportunity to comment and looks forward to working with CARB to make the Cap-and-Trade Program a continued success for California. If you have any questions, please contact me at Josh.Wilson@POET.com or (202) 756-5612.

Sincerely,



Joshua P. Wilson
Senior Regulatory Counsel

¹ It is unclear whether the May 31 presentation's discussion of transportation fuel production was intended to address whether certain biofuels would remain exempted from CARB's Cap-and-Trade program, further supporting POET's request for additional clarity from CARB. See California Air Resources Board, *Cap-and-Trade Program Workshop*, (May 31, 2024), available at https://ww2.arb.ca.gov/sites/default/files/2024-05/nc_CapTradeWorkshop_May3124.pdf, (Slides 33-37, 44-45).