

PEARSON *FUELS*

June 21, 2024

Mark Sippola
Branch Chief, Cap-and-Trade Program
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Pearson Fuels Comments on May 31st Cap-and-Trade Program Workshop

Dear Mr. Sippola,

RTC Fuels, LLC, dba Pearson Fuels (“Pearson Fuels”), appreciates the opportunity to provide comments on CARB’s May 31st workshop regarding the Cap-and-Trade Program. Pearson Fuels is the largest distributor of E85 in California, supplying more than 375 fueling locations across the state with an additional 100 sites expected to open within the next 12-24 months.

Pearson Fuels is providing an innovative, low-carbon, drop-in replacement fuel to fossil gasoline by substituting the gasoline component of E85 with renewable naphtha wherever possible. Paired with cellulosic ethanol, this E85 is low aromatic with lifecycle greenhouse gas (“GHG”) emission reductions approaching 80% compared to CARB unleaded gasoline.

E85 demand has been growing rapidly in California for the past 17 years with sustained year-on-year growth.¹ While the number of flex fuel vehicles (“FFVs”) registered in California has remained relatively constant in recent years, the demand for E85 has continued to rapidly build. This is due to the cost savings that FFV drivers achieve by switching to E85. Thus, in addition to reducing petroleum demand and GHG emissions, E85 is also providing financial benefits to California consumers.

These comments focus on the coverage of emissions from fuel ethanol denaturant. Specifically, we would ask CARB to create separate classifications for reporting fuel ethanol: one with fuel ethanol containing a specific percent fossil denaturant, and one with fuel ethanol containing a specific percent non-fossil denaturant.

As CARB is aware, ethanol is traditionally denatured with a petroleum product to make the liquid unfit for consumption. However, ethanol production plants are capable of denaturing ethanol with non-fossil products, such as renewable naphtha,² which would lead to different treatment under the state’s Cap-and-Trade Program.

¹ California Air Resources Board, Alternative Fuels: Annual E85 Volumes, retrieved from <https://ww2.arb.ca.gov/resources/documents/alternative-fuels-annual-e85-volumes>

² Code of Federal Regulations Title 27. Alcohol, Tobacco Products and Firearms § 27.21.21 General

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A finished E85 with ethanol and renewable naphtha would be 100% renewable with significant GHG reductions. This is the only light-duty liquid fuel that is commercially available, affordable, and capable of helping California achieve its goal of a 94% reduction in fossil fuel consumption by 2045, as called for in CARB's 2022 Final Scoping Plan, and net zero GHG emissions, as required by AB 1279.

Sincerely,



Jeff Wilkerson

Government Policy and Regulatory Affairs Manager

Pearson Fuels