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California Air Resources Board  
Low Carbon Fuel Standard  
1001 I Street  
Sacramento, CA 95814

**RE: LCFS pathway application No. B0458 - Neste Oyj; comments from Mr. Joshua Kehoe**

We would like to thank Mr. Kehoe for commenting and showing an interest towards our pathway application No. B0458. To provide some context; we are not in a position to publicly disclose all the business case drivers and decision making related to this case. We have done our best here to transparently respond to all comments submitted by Mr. Kehoe.

The main driver for producing SAF via redistillation is to serve the aviation fuel market before ramping up SAF production at Neste's production sites. Selection of the partners has been based on several factors which we will not further disclose here. We will note that when the cooperation with Texmark started before the CFPC/45Z, the possibility to qualify for the credits was not really on the agenda. It is true that SAF and RD produced in Galena Park have to be transported with Jones Act-compliant vessels to California as the goods are moving between two US ports. And as Mr. Kehoe has indicated the selection of vessel options are limited.

The pathway application includes multiple fuel pathway codes. We are relying on different transportation methods for feedstocks depending on the sourcing area. Final products and intermediate renewable diesel from Porvoo are transported with ocean going vessels. Carbon Intensity (CI) calculations and lifecycle assessment in general always include some assumptions and simplifications as truly accurately reflecting the real-world circumstances and supply chains is practically impossible. We have discussed and agreed on the emission factors with CARB staff during the pathway application process and the vessel emission factors rely on the calculation method established in CA-GREET 3.0 for ocean-going vessels. For product transport from Texmark to California, Neste is relying on supplier specific vessel size and the emission factor is adjusted based on the relevant vessel size. Verifying the vessel size was a part of the initial 3rd party pathway validation and will continue to be monitored during the annual 3rd party verifications.

We do agree that the CA-GREET 3.0 model could be further developed to better reflect different types of vessel transport scenarios considering the type of material transported and vessel size for example. Liquid product vessels seldom sail without cargo, however an empty return trip is always assumed by CA-GREET 3.0 for example. It is also our understanding that the vessel power requirement that is used to derive the vessel transport EF does not accurately reflect vessel size in every case, as only the size of the vessel is adjusted, not the minimum power requirement that is based on a larger vessel size. Regardless, the main point is of course that the transport emissions are not under estimated and that the calculation method is the same for all applicants; which to our understanding is the case at the moment.

We hope that the above provides more insights to the pathway application and addresses the comments submitted by Mr. Kehoe.

Neste has been delivering renewable fuels to California for more than a decade and we will continue our efforts in delivering sustainable renewable fuels to California in the future. Through our joint venture with Marathon Petroleum Company we are also a local producer of renewable diesel.

Sincerely,



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