



July 26, 2024

Ms. Belinda Chen
Manager, ACC II Amendments Rulemaking
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments on the June 26, 2024, Advanced Clean Cars Workshop

Dear Ms. Chen,

The Renewable Fuels Association (RFA) thanks you for the opportunity to comment on the workshop held by the California Air Resources Board (CARB) on June 26, 2024, to consider potential amendments to the Advanced Clean Cars (ACC) regulation.

The RFA is the leading national trade association representing U.S. fuel ethanol producers. Its mission is to drive growth in sustainable renewable fuels and bioproducts for a better future. Founded in 1981, RFA serves as the premier forum for industry leaders and supporters to discuss ethanol policy, regulation, and technical issues. RFA's 300-plus members are working daily to help America become cleaner, safer, more energy secure, and economically vibrant.

The comments here are in addition to and an amplification of our January 15, 2024 comments in response to the previous ACC II workshop held on November 15, 2023.

The 2022 CARB Scoping Plan update recognized the need to increase the supply of low- to zero-carbon liquid fuels to achieve the goal of carbon neutrality by 2045. Tremendous progress has been made on the composition of California's diesel supply, with renewable diesel and biodiesel now accounting for more than 60 percent of total volumes.

However, progress is notably lacking on the light-duty vehicle (LDV) side, as finished gasoline is generally still limited to 10 percent low-carbon renewable ethanol, with the remaining 90 percent consisting of petroleum-based blendstock (CARBOB). While electrification of the LDV fleet is expanding rapidly, significant volumes of liquid fuels will continue to be used for decades to come, and carbon neutrality can only be achieved by displacing a substantial share of petroleum liquid fuels with low- to zero-carbon renewable liquid fuels.

While purchases of BEVs continue to grow, sales increases have slowed, and sales of PHEV vehicles have accelerated. With the substantial portion of legacy vehicles that will still be on the road after 2035 when new ZEV requirements take full effect, and with the twenty percent allowance for PHEVs under those rules, it is critical to maximize GHG reductions in both the legacy fleet and new PHEVs sold after 2035.

CARB should require all new vehicles with internal combustion engines (ICE) sold in California to be flex-fuel capable, in the earliest practical model year.

In June 2024, Southwest Research Institute (SwRI) published a report, ***Future Scenarios for E85 in the US***, documenting the GHG and economic benefits of E85 utilization (see attachment). The report, sponsored by the RFA, extrapolates from California E85 trends and the success of E85 adoption and is directly relevant to the ACC rulemaking. Given its findings, a flex-fuel vehicle (FFV) requirement should be implemented for all new ICE vehicles sold in California as soon as is practical.

Expanding and sustaining the benefits of E85 utilization in California through a FFV requirement represents a unique opportunity for maximizing GHG benefits while lowering costs to the consumer under the ACC program. From a state policy perspective, the GHG time value of a FFV requirement is enhanced because of the near-term GHG reductions achievable through such a policy.

Utilizing the Argonne GREET model, if all the 1.3 million FFVs on the road in California today were running on E85, GHG emissions would be reduced by 2.7 million metric tons per year. According to [CARB](#), 118.5 million gallons of E85 were consumed in California in 2023. Based on [E85prices.com](#) data, E85 in California sold for an average discount of \$1.81 per gallon compared to regular gasoline during 2023.

Consequently, California consumers saved \$94 million in 2023 by utilizing E85, adjusted for fuel economy.¹ The driver of an FFV in California would have saved \$525 in 2023 by using only E85 rather than regular gasoline.

As was documented in our prior comments, the incremental cost to an automaker of including FFV capability is less than \$100 per car, and to date there has not been any upcharge for this feature in FFV sales. Yet, automakers have dramatically reduced the offering of new FFVs, and the population of FFVs in California is beginning to decline even as the consumer demand for E85 continues to increase.

¹ Incorporating the difference in energy content, as well as the thermal efficiency improvement of E85 documented in the SwRI study.

The cost of purchasing an average FFV is ten to twenty percent less than purchasing an average electric car in California. Combining the lower cost of vehicle purchase with the lower cost of fuel further supports the economic advantage of E85 utilization in achieving the state's climate goals.

Since our January comments, the availability of E85 has continued to increase, with an estimated 500 retail fueling stations now offering E85 according to discussions with E85 fuel retailers. For this growth to continue, it is important for the market to be confident of future E85 demand growth potential; a FFV requirement will provide that market signal.

SB 32, which extended the goals of California's groundbreaking AB 32 legislation, is clear in its mandate for CARB to adopt rules and regulations to "achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions." An FFV requirement that significantly reduces emissions of GHGs and criteria pollutants while simultaneously reducing consumer costs is directly responsive to the SB 32 mandate.

These RFA comments and the attached SwRI study should also be considered as responsive to CARB staff's request at the June workshop for quantitative analysis in the development of the Standard Regulatory Impact Assessment (SRIA) in conjunction with the proposed amendments to ACC II.

RFA appreciates California's leadership on carbon policy and looks forward to continued collaboration with CARB on the development of modifications to the ACC regulation.

Sincerely,



Scott Richman
Chief Economist