



True North Renewable Energy, LLC
2390 E Camelback Road, Suite 203
Phoenix, AZ 85016
www.tnrenewableenergy.com

June 6, 2023

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

RE: Comments on May 23, 2023 Public Workshop: Auto-Acceleration Mechanism for the Low Carbon Fuel Standard Program

Dear Mr. Botill:

True North Renewable Energy (TNRE) appreciates your time in hosting and the opportunity to comment on the May 23, 2023 Public Workshop on the proposed Auto-Acceleration Mechanism for the Low Carbon Fuel Standard Program (LCFS). TNRE would like to express our continued support for the LCFS as a transformational, technology-neutral and performance-based program that has helped to rapidly usher in a wide array of low carbon fuels for California's transportation market. TNRE supports a step down towards 20% in 2024, per BTR's presentation, and an auto-acceleration mechanism in-line with AJW's proposal, including a continuous increase, but one based on a clearly-defined, single trigger test.

About TNRE

TNRE develops, builds, and operates state-of-the-art organics-to-renewable energy facilities, including large scale, regional high-solids anaerobic digestion infrastructure. These facilities reuse and repurpose organic resources diverted from landfills to create beneficial, sustainable products, including biomethane and soil-amending compost. TNRE is focused on partnering with communities in California to meet local and state requirements for diverting organic waste from landfills and cutting short-lived climate pollutant (SLCP) emissions, while generating renewable natural gas combined with advanced compost to help decarbonize other sectors of the economy and meet California's climate goals. The LCFS is an important tool for achieving these goals, and TNRE encourages CARB to maintain and strengthen the program, including by continuing to account for avoided methane associated with organics diversion projects and through the mechanisms proposed at the May 23, 2023 workshop.

CARB should include a step-down in carbon intensity requirements in 2024 and a one-way ratchet mechanism ("auto-acceleration")

TNRE strongly supports adopting a near-term step-down in carbon intensity (CI) targets and development of a one-way ratchet mechanism to automatically strengthen the program when conditions warrant. These are both critically important elements to strengthen the LCFS and its ability to support new, low carbon fuels projects, including methane-reducing organics waste diversion projects. These elements will improve market certainty, which will support project development and potentially reduce costs for projects relying on LCFS credits to obtain financing. This, in turn, will create a virtuous cycle that will allow more projects to be developed, more greenhouse gas reductions, and greater CI reductions for the

transportation sector, above and beyond whatever initial targets might be set. We encourage CARB, however, to not see these proposals as alternatives to setting strong CI requirements inline with the Final Scoping Plan, but rather separate and unique elements of the program to advance the state's objectives, and encourage CARB to set a midterm CI reduction target of at least 35% in 2030.

Regarding a step-down in CI, BTR's analysis is compelling, and shows that a step down of 19% in 2024 is important to help correct the market and return to conditions that persisted ~2017-2021. We strongly encourage CARB to apply a step down to take effect in 2024, rather than delaying until 2025, to help correct the market today and foster near-term investment in additional low carbon fuels projects.

Regarding the ratchet, we generally agree with the AJW proposal, which would support a simple, transparent and meaningful auto acceleration mechanism. In particular, TNRE supports:

- A single credit-based trigger, based on an appropriate metric such as credit bank:deficits (should be no greater than 0.7, per the AJW proposal) or annual credits:deficits (should be no more than 1.1, per CARB staff's concept). We think either of these could work well, but do not see the need for a dual trigger that would include both a bank:deficit and credit:deficit test.
- A potential limit on the size of the credit bank. However, we note that a well-designed step-down and ratchet mechanism may address this concern naturally.
- Shifting the entire CI reduction schedule up by a year if an auto-acceleration event is triggered.
- Using an averaging period of 3 or 4 months, on a rolling average or calendar-year basis.

Conclusion

Thank you again for the opportunity to comment on this important workshop. We hope you will continue to leverage the LCFS as a critical tool to advance California's climate change goals, including achieving SLCP methane reductions and organics diversion goals. We see adding a near-term step down toward 20% in 2024 and an auto-acceleration mechanism that would pull forward the entire CI reduction target schedule by a year as important elements to include in this set of regulatory amendments, and appreciate CARB hosting a workshop on the issue.

Sincerely,



Gary Aguinaga
President
True North Renewable Energy, LLC