

June 6, 2023

The Honorable Liane Randolph
Chair California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Chair Randolph:

As a developer of dairy digester RNG and EV projects in West Coast states, Promus Energy appreciates the opportunity to comment on key features of the CA Low Carbon Fuel Standard (LCFS) following CARB's May 23rd, 2023 Public Workshop on adjustments to the program. Promus values CARB's serious consideration of the feedback from stakeholders after each of the recently held workshops as well as CARB's willingness to adjust policy based on that feedback.

The LCFS program's success as a powerful driver of carbon reduction is due in large part to its market-based incentives. Contemplated adjustments – especially relating to carbon reduction targets and avoided emissions credits – must be thoughtfully managed to ensure continued progress and prevent emissions backsliding.

Promus is pleased to see CARB's serious consideration of a variety of mechanisms to support the LCFS credit market and to send the long-term market signals investors need to fund low-CI projects.

Mechanisms for Carbon Intensity Target Adjustments:

Promus urges full support of a “step down” and encourages the further development of an “auto acceleration” mechanism:

- With a ballooning credit bank surplus and the resulting decline in LCFS credit prices over the past two years, Promus agrees with BTR's analysis presented during the workshop that an immediate step down towards a 20% CI reduction must be made in 2024, with the goal of at least a 30% CI reduction by 2030.
 - A step down would jumpstart investment in low-CI projects and give lenders the confidence they need to fund these projects.
- A robust and rapid step down will provide the course correction the LCFS program needs to support dairy biogas projects, and Promus believes that the auto acceleration mechanism can fine tune the program in later years.
 - Promus supports having the auto acceleration mechanism kick in based on hitting a certain ratio of produced credits to deficits, rather than a LCFS price based trigger.
- Given CARB's described timeline to review a prior year's complete data before making a change using the auto acceleration mechanism, Promus urges CARB to place its near-term focus on implementing a step down in 2024 and then move on to refining the auto acceleration approach.

We appreciate the opportunity to provide feedback on the proposed changes to the LCFS program and thank you for your consideration.

Sincerely,

Dan Evans, President
Promus Energy LLC
1000 2nd Ave, Suite 3100
Seattle, Washington 98104