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June 6, 2023

Cheryl Laskowski, Branch Chief  
Low Carbon Fuel Standard Program  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

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

Dear Ms. Laskowski:

World Energy values the opportunity to provide comments on the May 23, 2023, Low Carbon Fuel Standard (LCFS) Program: Public Workshop on the Auto-Acceleration Mechanism for the Low Carbon Fuel Standard. The LCFS remains a cornerstone policy for the state to encourage innovations which support California's transition to cleaner transportation.

World Energy is one of the largest and longest-serving advanced clean energy suppliers in North America. It is one of the country's largest producers of renewable diesel. World Energy was the first commercial producer of sustainable aviation fuel (SAF) and remains one of only two commercial scale producers of SAF in the Western Hemisphere at our facility in Paramount, CA which is in the final stages of conversion from a petroleum refinery to a 100% renewable fuels bio-refinery. When completed, World Energy's Paramount facility is projected to increase production capacity to approximately 350 million gallons of low carbon fuels per year.

We have made significant investments in continuously reducing the carbon intensity of our fuels and producing very-low carbon fuels for the California market. We have fuel pathways providing up to an 85% reduction in carbon intensity. Our fuels have helped the program meet and exceed its targets, and our Paramount plant is a premiere example of the clean energy future. Our early investments in decarbonizing California's transportation fuels have been encouraging, but the market reality today is that with depressed credit prices, other markets become more appealing. California is sending the perverse signal that it does not need to further reduce transportation emissions relative to other jurisdictions. Based on comments from CARB and State officials, we know the State wishes to further reduce its transportation emissions, so programmatic adjustments are needed to keep the California investment market competitive.

World Energy wishes to make the following comments in response to the material covered in the May 23rd workshop:

### **Step-Down in Carbon Intensity**

World Energy encourages CARB to adopt a six percent step-down in carbon intensity (CI) as soon as programmatically possible. This is the most important step CARB can take to ensure immediate carbon reduction opportunities are captured and will restore investment into the marketplace. Given the current size of the cumulative credit bank and deficit generation, it is clear that there is a sufficient bank to absorb a six percent step-down and maintain a healthy residual bank balance. Adopting a CI step-down will support long-term benefits of the LCFS.

### **Acceleration Mechanism**

World Energy supports the acceleration mechanism recommendations as presented by AJW. Forecasting future regulatory targets is an impossible science, but the acceleration mechanism presents an opportunity to fine tune the targets and adapt the program to market realities. An acceleration mechanism will serve as a complementary measure that can respond at the pace of the market, independent of less frequent rulemakings. It is also a useful counter bookend to the Credit Clearance Mechanism, which makes market adjustments in the event of a shortage of credits. Although credit prices will not be directly regulated, one of the indirect effects will be a buoy to credit prices. This will allow credit generators like World Energy to continue our investments in delivering ever-lower carbon fuel to the California market. An acceleration mechanism is an important complement to the target stepdown, creating an adaptive measure to capture all possible opportunities for emission reductions.



World Energy would like to thank CARB for their continued work on updating the LCFS and the ongoing opportunities to provide comments throughout the rulemaking process. We look forward to continuing our engagement in these efforts.

Sincerely,

Gary Grimes  
Director of Business Development Sustainability

