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Shakopee, MN 55379

October 26, 2023

Ms. Rajinder Sahota
Deputy Executive Officer for Climate Change and Research
California Air Resource Board

Electronic submittal only via [comment docket](#)

Re: October 5th, 2023, Cap-and-Trade informal workshop –Biogenic Emissions

Dear Ms. Sahota,

RPMG Inc. (RPMG) is a biofuel marketing company active in the California and West Coast low carbon fuels markets, representing our owner and marketing partner biofuel facilities located throughout the Midwest. We have submitted numerous comments over the years and have been an active partner with CARB in the development and evolution of the Low Carbon Fuel Standard (LCFS). RPMG member plants produce a variety of biogenic fuels and feedstocks used in California’s decarbonization efforts, including ethanol as a gasoline replacement, and distillers corn oil (DCO) as a renewable diesel feedstock.

The California fuel market has been a catalyst for low carbon fuel innovation and investment for all fuel types since its inception over a decade ago. The LCFS has been the primary driver with its direct regulatory approach to encourage the lowest-carbon fuels to come to California. The Cap-and-Trade Program (CT), with its foundational pillar of recognizing biofuels as not having a carbon obligation, has complemented the LCFS’s success in promoting innovation and private financing outside of CT’s regulatory scope.

We appreciate the opportunity to comment upon this important workshop before the rulemaking process begins later this year or early next year. Our comments are specific to the Biogenic Fuels and Feedstocks issues raised by staff. The afternoon session of the recent October 5th CT Workshop¹ raised some issues that in RPMG’s opinion could run counter to the well-established principles that have allowed California to meet every statutory GHG reduction goal to-date.

Biogenic Fuels

The afternoon session of the October 5th workshop had a number of slides focused on biofuels and the policy of biogenic emissions and opened the conversation with stakeholders. We encourage CARB to continue into the future with a predictable and stable Cap-and-Trade marketplace in which business can be transacted and investments made with minimal regulatory change risk. RPMG believes a transparent and predictable marketplace allows for optimal participation. We are not supportive of bio-feedstock limits in general, and specifically for corn-based products. When recently presented with the

¹ https://ww2.arb.ca.gov/sites/default/files/2023-10/nc-CapTradeWorkshop_Oct052023_afternoon_0.pdf

opportunity to address this issue, the CARB Board did not direct staff to pursue such a proposal with respect to bio-feedstock limits. RPMG recommends the CT program likewise not pursue any such regulatory criteria or limit associated with bio-feedstocks grown in the United States.

Given the right regulatory signals, biofuels will continue to lead the way as an affordable, plentiful, sustainable, low carbon option for California fuel markets. This is true for both the legacy light-duty and heavy-duty fleets which are acknowledged in the 2022 Scoping Plan as being a significant percentage of the vehicle population for the ensuing decades. Biofuels also serve as a long-term stabilizer in California's decarbonization efforts. RPMG member partners have made significant investments for the singular purpose of lowering the carbon-intensity (CI) of their fuels and achieving real-time GHG reductions. These investments range from small efficiency gains to the full installation and current operation of CCS². RPMG fully expects these investments to continue and ethanol CI scores to follow a downward trajectory. Ethanol is on a path to achieve net-zero GHG emissions with the adoption of CCS, biogas substitution, and climate-smart farming practices.

Cap-and-Trade Regulation Section 95852.2(a)(6)(A-B) currently exempts 'fuel ethanol' inclusive of both cellulosic and corn starch derived fuel. RPMG believes this is the correct approach to address U.S. corn ethanol. The LCFS program has succeeded in bringing new and lower CI corn-based ethanol to California through a stable and predictable regulatory program. The indirect land use change (ILUC) penalty embedded within the LCFS already takes into account any secondary GHG impacts that staff stated were the issues of concern. Slide 57 of the workshop specifically highlights "emerging biofuels." U.S.-based corn ethanol, though on the cutting edge of innovation (including the development and production of cellulosic ethanol and use of (CCUS) carbon capture, use and storage) should not be grouped with other truly emerging biofuels that are the focus of the workshop.

We also would like to reiterate here that distillers corn oil, or DCO, is not a "Virgin Oil" feedstock, and in fact is a waste byproduct. In a previous LCFS [letter](#) we highlighted distillers corn oil classification under the Renewable Fuels Standard is listed as "unfit for human food use". To ensure consistency across fuels programs, we request distillers corn oil also remain exempt as a biogenic feedstock under CT.

Conclusion

RPMG would like to thank staff for their diligent review of this long-established policy under the CT Program. Please contact me with any questions at jwhoffmann@rpmgllc.com.

Thank you,



Jessica Hoffmann
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RPMG Inc.

² <https://undeerc.org/research/projects/redtrailenergyccs.html>