

Kevin Brickner
Vice President Safety, Environmental,
Regulatory Compliance and Operations Integration

March 16, 2017

Mary D. Nichols
Chairman
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Re: Inclusion of Sustainable Alternative Jet Fuel in LCFS Credit Incentives

Dear Chairman Nichols,

American Airlines is encouraged that the California Air Resources Board (CARB) is considering including sustainable alternative jet fuel as an eligible credit-generating fuel under the Low Carbon Fuel Standard (LCFS). We strongly urge CARB to do so.

The American Airlines network, which includes a major hub in Los Angeles and access via numerous other California airports, generates enormous benefits and economic growth within California. We offer our customers an average of nearly 6,700 flights per day to 350 destinations in more than 50 countries. American is also investing billions of dollars in new, fuel-efficient aircraft. We have taken delivery of hundreds of new aircraft in just the past several years, retired older aircraft and significantly reduced our aircraft emissions.

American Airlines believes that access to cost-competitive supplies of sustainable alternative jet fuel will be an important pathway for our industry to accomplish further reductions of aircraft GHG emissions beyond the significant gains we have made through investment in aircraft technology and improved fuel efficiency. Unlike other ground-based transportation modes, jet aircraft cannot utilize other alternative fuel sources such as electric, natural gas, or hydrogen, and so it is important that we have an abundant and cost-competitive supply of sustainable alternative jet fuel to achieve significant further reductions of aircraft GHG emissions. As you know, the ultimate availability of cost-competitive sustainable alternative jet fuel -- fuels that are sustainably produced through the processing of waste oils and other renewable biomass feedstock -- will significantly reduce lifecycle GHG emissions relative to current petroleum-based jet fuel. Airlines, manufacturers and fuel suppliers are already exploring and supporting development and commercial-scale deployment of alternative fuels that meet stringent aviation requirements, but high costs and relatively small production capacity currently limit the supply of sustainable alternative jet fuel. CARB can and should encourage additional capital investment and development of this important pathway to reduced GHG emissions by ensuring that the LCFS encourages the production and voluntary utilization of sustainable alternative jet fuel in significant quantities.

Unfortunately, CARB's current LCFS is effectively discouraging alternative fuel producers from producing sustainable alternative jet fuel. CARB should, as a matter of public policy, ensure that the LCFS incentives lead to greater capital investment in the production, and commercial airline consumption, of sustainable alternative jet fuel. Currently, the asymmetric availability of LCFS credits drives most would-be producers of sustainable alternative jet fuel towards production of biodiesel and other LCFS-incentivized ground-based fuels. Inclusion of sustainable alternative jet fuel in the LCFS incentives would provide strong economic incentives for alternative fuel producers and consumers, and grow the alternative aviation fuel market. Doing so would also likely eliminate other barriers to an expanding sustainable alternative jet fuel production capacity, freeing alternative fuel producers to better take advantage of market fluctuations by periodically shifting final refined products among different modal consumers, much like petroleum fuel refineries currently do when shifting production between automobile fuel, diesel, and jet fuel. Further enabling this market will, in turn, greatly advance the environmental objectives of the State of California.

Finally, it should be noted that while American Airlines believes CARB should take constructive steps to better encourage the production and consumption of sustainable alternative jet fuel, we agree with the general exemption of aircraft fuels from California's LCFS mandates. We view an expansion of the LCFS incentives designed to grow the sustainable alternative jet fuel market as sound policy, and one that would further enable fuel producers and airlines in bringing additional environmental benefits without crossing the line into California impermissibly regulating aircraft fuels.

American Airlines strongly urges CARB to include sustainable alternative jet fuel as an eligible credit-generating fuel under the LCFS. We think it would significantly enhance availability and utilization of cost-competitive sustainable alternative jet fuel, and therefore would be consistent with our collective goals to continue to reduce aircraft GHG emissions. Thank you for considering this important issue.

Sincerely,

A handwritten signature in black ink that reads "Kevin Brickner". The signature is written in a cursive, slightly slanted style.

Kevin Brickner