



June 9, 2017

Submitted by Electronic Mail

California Air Resources Board
1001 I Street
Sacramento, CA 95814
Attn: LCFS Biomass-Based Diesel Feedback

Request for Comments: California Low Carbon Fuel Standard (LCFS) – Second Public Working Meeting for Biodiesel and Renewable Diesel

Dear Sir or Madam:

Flint Hills Resources (FHR) is pleased to submit comments in response to the request at the Public Working Meeting for Stakeholder Groups held on Monday, May 15, 2017.

FHR operates fuel ethanol plants in Iowa, Nebraska, and Georgia as well as a biodiesel plant in Nebraska and produces a large quantity of ethanol and biodiesel that may be sold within the state of California. FHR also purchases petroleum fuel and participates in fuel blending at various California fuel terminals.

ARB posted the *Biomass-Based Diesel as a Transportation Fuel Staff Discussion Paper* dated May 12, 2017, providing an overview of how biomass-based diesel fuels used as a transportation fuel are treated within the Low Carbon Fuel Standard (LCFS) program. Throughout this discussion paper, ARB requests feedback from stakeholders on various topics. FHR is pleased to provide the following comments:

1. FHR supports the proposal to use standard inputs for upstream feedstock production processes (oil yield and energy consumption), as well as providing the option for applicants to modify these standard inputs using site-specific upstream processing energy through the Tier 2 pathway process. By providing for the use of both options, biofuel production facilities can decide to use standard inputs or obtain upstream supplier-specific information, if feasible.
2. FHR reviewed the two proposed methodologies for calculating the feedstock transportation distances (based on feedstock processing/collection facility locations or from brokers/traders with unknown supplier distances) and recommends an optional methodology, whereby the applicant provides the maximum distance for all feedstock sources. By providing the maximum distance, the verification requirement can be simplified, since invoices can be reviewed to verify that all feedstock distances are within the maximum distance. Furthermore, any variation in the feedstock transportation distances has a minimal contribution to the total biofuel carbon intensity (CI).
3. FHR requests that ARB staff provide additional details on how the feedstock moisture content will be incorporated in the Simplified CI Calculator. If staff incorporates the moisture content into the calculator, FHR recommends that a moisture specification established within supplier contracts may be used in lieu of laboratory testing in order to simplify the verification requirement.
4. FHR supports the inclusion of standard inputs for process chemicals used within the biomass-based diesel production process. FHR also recommends that an applicant be allowed to zero the standard inputs for chemicals, when alternative production technologies do not utilize some or all of the

standard chemicals. Updating the standard inputs to zero in the calculator may impact the CI contribution upwards of 2.6 gCO_{2e}/MJ.

5. FHR supports the inclusion of a co-product credit for distillate bottoms used as a fuel source. FHR requests a clarification that this credit be applied not only as an on-site fuel source within a biomass-based diesel facility but also when used off-site as a replacement for petroleum fuel derivatives. FHR also supports utilizing the CI allocation methodology for this calculation, as currently employed for glycerin co-product.
6. FHR supports including of a suggested materiality tolerance of 5% for the purposes of CI verification under 17 CCR 95491(d) for two primary reasons. First, the inputs to the draft Simplified CI Calculator, which will be used for verification, will be reported within a +/- 5% accuracy (see page B-1 of the ARB Staff Discussion Paper “Biomass-Based Diesel as a Transportation Fuel” dated May 12, 2017). As a result, CIs determined by the Simplified CI Calculator will also vary between +/- 5%. Second, a 5% tolerance for verification purposes is not without precedence within ARB’s Climate Change Programs. The verification of reported greenhouse gas emissions within the Mandatory Greenhouse Gas Emissions Reporting regulations defines a “material misstatement” to include only the circumstances whereby the verification team believes that the total reported covered emissions contains errors greater than 5% (see 17 CCR 95102(a)(284)).
7. FHR believes the average yield for Provisional Fuel Pathway Codes (FPCs) should be based on the operating data submitted with the application, and should be revised with each submittal of quarterly operating data until the full two calendar years of operating data has been submitted. FHR also believes that allocating any excess fuel to the FPC with the highest CI provides a disincentive to introduce lower CI fuels which may improve plant operating yields. FHR believes that the excess fuel should be allocated equally to all FPCs.
8. FHR reviewed the Simplified CI Calculator and provides the following comments:
 - Within the CI Summary section of the BD-Production sheet, several errors were found within the cell formulas used for determining the total CI for biodiesel for various feedstock (see CI Summary Columns H, L, P, T, etc. Rows 203-232).
 - In the event a facility possesses feedstock and product meter devices, FHR recommends the flexibility to use these measurement devices for verification and be exempt from the requirement to enter and verify beginning and ending inventory measurements. As a single point of measurement, meters also provide for more accurate feedstock consumption and biomass-based diesel production measurements. Inventory measurements require at least two measurements (e.g. opening and closing gauge), thereby doubling the potential for measurement error.

In offering our comments, it is our hope that ARB will use our suggestions in the review of the methodology for biomass-based diesel carbon intensity applications and the proposed verification program. Should you have any questions, please contact FHR’s VP, Quality and Compliance, Rita Hardy (rita.hardy@fhr.com, 316-828-7840), or myself, for further information or to schedule a meeting.

Sincerely,

Philip Guillemette
Compliance Manager, Operations
Flint Hills Resources, LP
philip.guillemette@fhr.com
316-828-8440