



California Natural
Gas Vehicle Coalition

October 6, 2017

Sam Wade, Branch Chief
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Comments on Proposed Changes to Low Carbon Fuel Standard

Dear Mr. Wade,

On behalf of the California Natural Vehicle Coalition (CNGVC), I would like to submit the following comments on the proposed changes in the Low Carbon Fuel Standard Program (LCFS). We have very strong concerns with the changes being proposed as it relates to compressed natural gas (CNG) and renewable natural gas (RNG). As a strong supporter of the LCFS, we are very concerned that these changes threaten the intended design of this program as a fuel neutral program that seeks to reduce our dependence on diesel and gasoline.

Who We Are

The California Natural Gas Vehicle Coalition represents the state's natural gas vehicle industry and includes major automobile manufacturers, utilities, heavy-duty engine manufacturers, fueling station providers, equipment manufacturers, and fleet users of natural gas vehicles. We are working together to advance natural gas as the alternative transportation fuel in the heavy-duty truck sector.

Concerns About the Process

Last year, we worked shoulder-to-shoulder with a diverse group of supporters to extend this important program. The LCFS is critical to the success of breaking our dependence on oil and any changes to this program should be done methodically and transparently. The short time line to review the changes coupled with the absence of the data used, severely presents our industry from providing thoughtful and meaningful comments and changes.

We request that the rule making process not progress until the GREET model is released and sufficient time is given to review for comment.

Fuel Neutrality of LCFS Threatened

Earlier this year, I jointly authored an Opinion Editorial, entitled “State Needs All Tools on Climate Change and Oil Dependence”, that appeared in the March 3, 2017 issue of the *Sacramento Bee*. We said, “The Low Carbon Fuel Standard encourages the development of new fuels for cars and trucks—including electricity, natural gas, hydrogen, and biofuels—and the infrastructure needed to support these new fuels”. That’s beauty of this program, at its core it is designed to use all alternative fuels together to break the dominance of gasoline and diesel in our transportation sector. The proposed changes that are based on cherry-picked data to favor one technology over another, is a not how you improve such a critical program.

Carbon Intensity of CNG and RNG Raised Without Sufficient Data

We are very concerned with the increase in the carbon intensity values for fossil CNG and RNG. Our initial impression after reading the draft regulations, is that ARB appears to believe that CNG/RNG only provides a slight GHG reduction from diesel and gasoline. Just two years ago, the fossil CNG CI was 67.7 g/MJ or an EER adjusted 75.2 g/MJ representing a 30% reduction of GHG emissions relative to diesel. That same fuel will now only achieve about a 5% reduction compared to diesel, which innately does not make sense! In California, alternative fuels make up approximately 20% of fuel used in transportation, which means that gasoline and diesel still control 80% of the market! We should all be working against diesel, to clean up the air in California. What is even more troubling is the fact that the diesel CI decreased slightly from 102.01 g/MJ to 101.97 g/MJ. These issues underscore the need to make the data available now and extend the comment period so that a thorough review can be conducted by the industries affected by these proposed changes.

Buffer Account Proposal is Death Knell for Biofuels

The most concerning proposed change relates to the creation of a buffer account, that allows ARB to keep LCFS credits even after a biofuel producer has verified that the fuel has a lower carbon intensity than the default pathway. It is unjustifiable for ARB to hold LCFS credits after a pathway has been verified as being lower than the default value, but if this was going to be done, it should at the very minimum apply to all fuels in the program. The fact that this only applies to biofuel pathway holders is another example of how these changes are putting in jeopardy this programs fuel neutrality. Biofuels are a necessary tool, especially in the heavy-duty truck sector, to meet the reduction targets outlined in the Scoping Plan. Why would ARB propose a change that would negatively impact an segment that is responsible for generatting 89% of the total LCFS credits?

In conclusion, without significant and abundant changes in the draft, our industry stands opposed to these changes to the LCFS program. We would like to avoid the problems that were associated with the changes from CA GREET 1.8b to 2.0 and get it right the first time around. More time, discussion, and review are needed to do just that. The only way to get it right is to release the data used to support the changes and initiate another round of public engagement.

Thank you for the opportunity to comment. Please don't hesitate to reach out to me, if you have any questions or concerns about any of the issues that were brought up at thomas@cngvc.org or at 888-538-7036.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Lawson', with a horizontal line extending to the right.

Thomas Lawson
President, California Natural Gas Vehicle Coalition