

October 6, 2017

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

Re: Comments on 2018 Preliminary Draft Regulatory Amendment Text

Dear Mr. Wade:

On behalf of Trillium Transportation Fuels, part of the Love's Family of Companies, I would like to thank the California Air Resources Board (CARB) for the opportunity to submit comments regarding the 2018 LCFS Preliminary Draft Regulatory Amendment Text. Trillium is concerned that the Amendment is being published in a matter that fails to allow for proper public comment and debate around the extensive changes contained in it. We respectfully request a complete and open comment period to facilitate productive public debate. Publishing these considerable changes absent an adequate public vetting process creates undue and unnecessary risks to the LCFS program and its environmental goals.

Trillium Transportation Fuels currently operates more than 170 stations nationwide, including 48 in California. Trillium specializes in designing, building, and operating fueling stations and provides 24/7 maintenance services for various types of professional fleets. Trillium delivers more than 70 million gallons of fuel per year.

- 1. The process and timeline put forward to adopt these changes does not provide stakeholders adequate time to evaluate the criteria used to justify the proposal, formulate a response, or make constructive recommendations for improvement.**

Requiring public comments on the proposed changes before the public has been given the opportunity to review the background material and supporting documentation means that the public – and key stakeholders – will not have adequate opportunity for meaningful public comment.

We urge ARB to extend the public comment period and release the full text of the proposed changes and all supporting documentation. Limiting public comment to the staff presentation and regulatory proposal, without background details, denies full public participation, invites unintended consequences later, and risks annulling any claim of technology neutrality.

2. The LCFS Proposal Increases the Carbon Intensity for Bio-methane without Providing the Background Data or Explanation

The staff presentation proposes to significantly increase the default values for bio-methane (both BioCNG and BioLNG), without providing the supporting documentation, data or explanation to justify these increases. The proposed default values are several times higher than the current values for bio-methane from diverted organic waste and dairy waste. If the default values are applied to bio-methane from these sources, they will severely hamper the development of the biogas market. To our previous point, we urge CARB to extend the comment period and release the technical information used to develop the current set of assumptions in a timely manner to promote meaningful input to the regulatory process.

3. Several of the Proposed Changes are Not Fuel-Neutral and Disproportionately Hurt Biogas Production and Use.

One of the biggest strengths of the LCFS program is that it is fuel neutral and based on lifecycle analyses of each fuel's carbon intensity. The program is designed to put fact-based science before any other agenda and protects both the program itself and consumers by promoting the lowest carbon fuels in a competitive market. Unfortunately, several of the proposed changes to the LCFS move away from fuel neutrality and establish punitive requirements for bio-methane producers that would not be applied to electricity or other fuel providers. We encourage CARB to rethink their proposed approach to the regulation and shift back to a fuel neutral approach.

A. Updated Energy Economy Ratio (EER) Values

The EER assigned to each fuel technology has a significant and direct impact on LCFS credits generated. While ARB is proposing substantial changes to EER values for EVs, no change or update is proposed for any other technology. Furthermore, the proposed changes in no way accurately reflect the duty cycles of various vehicle types, and misguidedly groups EV trucks and transit buses into a single category, nearly doubling the EER of an EV truck.

Finally, the data selected from Altoona to calculate the EER of electric busses does not include charger efficiency losses, which can range from 75-90%. Here again, to facilitate meaningful input to rule development, we urge CARB to extend the comment period and release the technical information used to develop the current set of assumptions in a timely manner.

B. Verification Proposal and Buffer Account

The proposed creation of a “Buffer Account” that allows ARB to keep LCFS credits after a biogas producer has verified that the fuel has a lower carbon intensity than the default pathway is alarming and punitive. This is particularly egregious since the LCFS proposal also proposes to increase the default values for biogas and **further increase** the default values for fossil CNG, in some cases by orders of magnitude that – absent data to demonstrate the increase - appear completely arbitrary and in no way reflective of the fossil gas or biogas currently flowing in the state of California. While it may make sense for ARB to hold LCFS credits during pathway verification for a specific project, there is no rationale for ARB to retain the credits if the pathway is ultimately verified as being lower than the default value. Withholding these credits removes the financial incentive for a producer to minimize carbon intensity for the first two years of the project, by removing his or her revenue from doing so.

4. The Proposed Changes Alter the Economics of Existing Projects and Projects Under Construction

Of primary importance to Trillium is the fact that these proposed LCFS changes fundamentally change the financial models upon which projects are currently being constructed. The last-minute and hasty nature of these changes will also reduce the investment community’s overall appetite for low carbon fuel projects. Developers will lose their access to the capital critical for California to meet its goal of 40% carbon reduction below 1990 levels by 2030 goals under SB-32.

Trillium thanks ARB for the opportunity to provide comments, however, we urge ARB to reconsider the proposed changes to the LCFS and release the full, revised proposal with all supporting documentation for a second round of public comment. The current draft requires considerable support material to justify the proposed changes, and we believe, technology-biased in a manner that will hurt investment in all carbon-saving technologies going forward.

Sincerely,



Bill Cashmareck
Director
Trillium Transportation Fuels