September 28, 2023

Air Resources Board
1001 I Street
Sacramento, CA 95812

Comment on Potential LCFS Amendments

Thank you for the opportunity to comment on the Low Carbon Fuel Standard potential regulation amendments. Crimson Renewable Energy greatly appreciates the efforts of CARB staff and engagement with stakeholders in moving forward to meet GHG reduction goals.

Crimson Renewable Energy operates the largest biodiesel production facility in California, creating ultra-low carbon biodiesel to refuel our communities. Crimson is a leading participant in the future of advanced biofuels and global decarbonization. We have been a stakeholder in the LCFS since the beginning of the regulation and support the efforts of CARB staff in moving toward a cleaner energy future.

Crimson, having reviewed the Standardized Regulatory Impact Assessment (SRIA) for the proposed updates to the Low Carbon Fuel Standard (LCFS), would like to express our strong support for several key components of the proposal. We would also like to comment in opposition to the potential cap on crop-based biofuels.

Support for the Near-Term Step-Down in CI Benchmark Stringency:

Alternative fuels support displacement of fossil fuels in vehicles today. Near-term reductions in emissions now are more valuable than emissions in the distant future. The 5% Step-Down should be adopted and should be prioritized for 2024.

Urgency of Action: Given the accelerating impacts of climate change, it is imperative that we take bold and immediate actions. A near-term step-down in 2024, or at the least in 2025, signals California's commitment to rapid decarbonization and sets a precedent for other states and countries to follow.

Technological Feasibility: Advances in low-carbon fuel technologies and renewable energy sources and significant expansion in renewable fuel production capacity have made it feasible to achieve more aggressive carbon intensity (CI) reductions in the short term. The market is ready, and the technology is available.

Economic Impetus: A near-term step-down can stimulate the green economy by incentivizing investments in low-carbon fuel production, infrastructure, and research & development.

Support for the Increase in the Stringency of CI Reduction Targets Through 2030:

A 30% reduction by 2030 supports the industries that will deliver the emissions reductions. A strong signal is needed to spur continued investment and support the entities already providing emissions reductions. Without the increased reduction to 30%, the demand for credits will drop and the credit value will drop with it, causing low-emissions producers to lose competitiveness against petroleum and higher-emission fuel producers and deter future investment.

Health and Environmental Benefits: More stringent CI reduction targets will lead to significant reductions in harmful pollutants, resulting in cleaner air, fewer health-related issues, and a safer environment for Californians.

Economic Resilience: By setting a clear path for CI reductions, businesses can plan and invest with certainty, fostering innovation and creating jobs in the green energy sector.

Support for the Automatic Acceleration Mechanism (AAM):

Adaptive Response: The AAM allows the LCFS to be responsive to market conditions and technological advancements. If the market outpaces the set benchmarks, the AAM ensures that the regulation remains challenging and drives continuous improvement.

Market Stability: By being predictable and based on publicly available data, the AAM can bolster market stability during periods where credit generation rapidly outpaces deficit generation.

Long-Term Vision: The AAM underscores California's commitment to deep decarbonization beyond set benchmarks, ensuring that the state remains on track to meet its long-term climate goals.

Opposition to a Cap on Crop-Based Biofuels

Crop-based biofuels serve a small part of our production demand but are important to provide operational flexibility and economic viability. Operationally, if short-term disruptions cause feedstock supply issues for primary feedstocks, the option to run other feedstocks is important.

Economically, a diverse set of feedstock options enables producers to purchase feedstocks at prices that allow for the production of renewable, low carbon fuels. Fewer options would drive up the cost of the remaining feedstock options. Additionally, California-based biodiesel producers produce nearly exclusively from by-product feedstocks, not crop based feedstocks. If all biodiesel and renewable diesel fuel must be produced from non-crop-based feedstocks and a limited quantity of crop-based feedstocks, the California biodiesel producers will be effectively priced out the market and close their doors.

Furthermore, the transition to electrification and hydrogen for heavy duty vehicles, locomotives and other transportation types that rely on diesel fuels will take years. The carbon reduction being delivered by alternative diesel fuels is especially critical in the next 10-20 years because globally we need as much carbon reduction as possible to avoid reaching irreversible (or extremely difficult to reverse) tipping points that will accelerate global warming with catastrophic results.

Thus, biofuels produced from a variety of feedstocks are critical in the near term.

The focus must be on the reduction of high-carbon petroleum fuels and generating as much carbon reduction as possible in the next 10-20 years, not targeting what are currently low-CI feedstocks such as soybean and canola oil and the like.

In conclusion, we believe that the proposed amendments to the LCFS, including the near-term step-down in CI benchmark stringency in 2024, the increased stringency of CI reduction targets through 2030, and the introduction of the Automatic Acceleration Mechanism, are both ambitious and necessary. We urge CARB to adopt these amendments to ensure a sustainable, healthy, and prosperous future.

Sincerely,

Harry Simpson
President & CEO
Crimson Renewable Energy