

# Comments on the LCFS Public Workshop: Potential Future Changes to the LCFS Program

7 January 2021

ACT Commodities

## 🔗 Introduction

ACT is the world's leading provider of market-based sustainability solutions. Working at the center of the global energy transition, ACT helps organizations hit their climate action targets, no matter how ambitious. Since 2009, ACT has become a trusted brand in high-impact climate projects, renewable energy markets, energy efficiency, renewable fuels, and carbon credits. ACT delivers tailor-made solutions from offices in Amsterdam, New York, Shanghai, Paris, and Singapore, enabling its partners to join the environmental revolution and pursue more sustainable futures. ACT is active in the California LCFS, Oregon OCFP as well as the US Federal Renewable Fuels Standard.

ACT would like to take this opportunity to comment on the **Public Workshop: Potential Future Changes to the LCFS Program** held December 7<sup>th</sup>, 2021.

## 🔗 2022 Scoping Plan

ACT understands that the next LCFS rulemaking is propelled by the Scoping Plan; but, a forecasted target effective date in 2024 is far too long from now. ACT, in the meantime, encourages CARB to maintain a transparent and open communication line. This would include but not be limited to modeling scenarios for more ambitious targets and including the effects of other potential amendments presented during the workshop. Clarity on future outcomes will signal the long-term market stability needed to attract private investment in transportation decarbonization.

## 🔗 Allow for book-and-claim accounting of new-or-expanded low-CI hydrogen injected into hydrogen pipelines

ACT is supportive of the expansion of book-and-claim accounting to encourage the adoption of low-CI hydrogen. However, ACT cautions against restrictions requiring only new-or-expanded low-CI hydrogen as included. Firstly, ACT sees a lack of continuity with other fuel types which have no new-or-expanded restrictions. Additionally, we caution against the precedent it sets where early adopters are not afforded the same opportunities when regulatory pathways are expanded.

## 🔗 Add intrastate jet fuel as required fuel

ACT applauds the expansion of regulated fuels to include intrastate jet fuel. This addition could be an impressive catalyst for adoption by other LCFS modeled policies. Likewise, ACT foreshadows an opportunity for linkage across LCFS programs. Linkage can expand intrastate jet fuel to include outbound flights to other LCFS jurisdictions. This would provide more opportunities to reduce the emissions impact of the aviation sector. At the minimum, including intrastate jet consumption as a regulated fuel type will further promote the adoption of early-stage technologies and alternatives within the sector.

## 🔗 Update emission factors as appropriate

It is appropriate for CARB to review emission factors and keep them up to date according to peer-reviewed research. However, ACT desires more transparency regarding which emissions factors are under review to be updated. Additionally, ACT further requests a public consultation so participants can provide supporting or disputing research and gradually gauge impacts.

## 🔗 Update to new version of OPGEE model

ACT attended the August 10, 2021 workshop which presented revisions to the OPGEE model. The meeting was helpful in its explanation of expected changes and supporting evidence for the revisions; however, the LCFS program impacts could have been more clear. In a future workshop, ACT asks that CARB models the expected impact on annual credit deficit generation as a side-effect of OPGEE 3.0a updates. This conclusion wasn't immediately made clear in the presentation.



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## ➤ Update certain existing EERs with more recent data

Similar to the above with regard to updating emission factors, ACT just asks for transparency regarding which EERs are being updated and for a public forum (i.e. a workshop) to introduce and review the supporting data and procedure for the update.

## ➤ Single CI benchmark table for gasoline, diesel, and substitutes

The basis for this change is not understood and neither is the possible implementation strategy. How would a single CI benchmark in the California LCFS streamline exportability to other programs? Furthermore, how would substitute fuels calculate credit generation? Is it reasonable to compare the CI of renewable diesel to a benchmark inclusive of gasoline? Consider, for example, capital investments made into an RNG project under the assumption of using the CI benchmark for diesel. The gasoline benchmark is more aggressive and adopting it across both classes or weighting it into a single CI benchmark would reduce credit generation for said project. ACT asks CARB to consider this consequence when streamlining into a single CI. Additionally, a single CI benchmark could put constraints on future regulation. For example, a policy intended to directly target a more ambitious CI reduction in one fuel class rather than both classes.

## ➤ Remove deemed-complete designation for fuel pathways

Please avoid further delays to a pathway's initial reporting quarters and credit generation. The application process is already extremely rigorous, and the deemed-complete designation is a threshold post pathway validation that allows projects to move on to reporting. Removing this stage would put more pressure on CARB staff to turn around applications and certify them timely for reporting. In practice having the third-party verifier's report signify completion is appropriate.

## ➤ Allow for preferential allocation of low-CI hydrogen to specific fuel pathways used for reporting

In a future workshop please include an example of "preferential allocation".

## ➤ Stakeholders have requested consideration of site-specific agricultural inputs in fuel pathway life cycle analyses

ACT adds that considering site-specific agricultural inputs in life cycle analyses is an appropriate and natural next step for LCFS programs to take. It is an opportunity to encourage GHG reductions throughout the supply chain of a fuel. CARB has always taken a lifecycle approach with the LCFS regulation, and it is only reasonable to permit real, calculated, and verified reductions anywhere in the chain. Furthermore, ACT encourages CARB to consider adopting standards from the Verified Carbon Standard (VERRA) and the Climate Action Reserve (CAR). Streamlining the quantification methodologies will lower barriers to adoption without compromising credibility.

## ➤ Conclusion

We thank you for your time and attention to our comments. Please reach out if you would like to discuss further.

