



San Francisco International Airport

October 30, 2020

Richard Corey, Executive Officer
Rajinder Sahota, Industrial Strategies Division Chief
Air Resources Board
1001 I Street
Sacramento, CA 95812

(Letter is to be uploaded electronically to the Comment Submittal Form of CARB’s LCFS Public Workshop website.)

Subject: Request to Address Alternative Jet Fuel Crediting in LCFS Rulemaking

Dear Mr. Corey and Mr. Sahota,

This letter is submitted on behalf of the San Francisco International Airport’s (SFO) Sustainable Aviation Fuel (SAF) Coalition, which is comprised of airlines, airports, conventional and alternative aviation fuel producers, and other nonprofit and government partners. Many members of our coalition participated in the last major Low Carbon Fuel Standard (LCFS) rulemaking and supported the inclusion of alternative jet fuel (AJF) in the LCFS on an opt-in basis. This decision by the California Air Resources Board (CARB), and subsequent rulemaking, has enabled significant AJF uplift at our airport, supplied by both World Energy (Paramount, CA) and Neste to JetBlue Airways, American Airlines, Alaska Airlines, Amazon Air, Air France, Signature, and Lufthansa. It has also secured California’s position as a global policy leader and market as the most competitive for AJF in 2020. Our letter today seeks CARB’s support to expand its current incentives for AJF under LCFS, a request separately detailed by the SAF Producer Group, through Graham Noyes, to ensure California can continue to lead on aviation decarbonization and remain on track with our European counterparts.

The California aviation sector utilizes 4 billion gallons of conventional jet fuel annually. By switching to AJF, California can reduce aviation GHG emissions by 50-80% on a lifecycle basis. If aircraft in California uplifted just 5% AJF by 2025, greenhouse gas emissions avoided from those flights would total up to 2 million metric tons of CO2. Without growing AJF use, aviation sector emissions are expected to grow to over 25% of California’s emissions by 2040, as other sectors (e.g., buildings, road transport) have full decarbonization pathways.

Here at SFO, we have set a goal of expanding AJF use by its airlines to 5% by 2025. Achieving this goal will require 200 million gallons of AJF per year (MGY) by 2025, or 16 new AJF plants. While this goal of 200 MGY represents only about one-third of California’s 2019 renewable diesel supply, it requires a rapid scaling of AJF production to be achieved.

AJF is being commercialized and is scalable, but volumes are currently small, with roughly 5 million gallons used exclusively in California last year, compared to 2.5 billion gallons of biodiesel and renewable diesel consumption. The key factor limiting AJF growth is the total

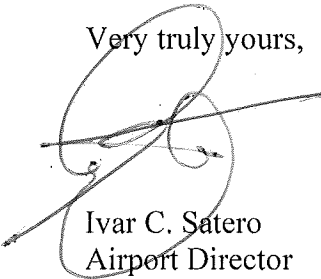
AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED MAYOR LARRY MAZZOLA PRESIDENT ELEANOR JOHNS VICE PRESIDENT RICHARD J. GUGGENHIME EVERETT A. HEWLETT, JR. MALCOLM YEUNG IVAR C. SATERO AIRPORT DIRECTOR

monetary value that AJF producers receive when compared to that available to producers of alternative fuels to serve the on-road market. This has been quantified and detailed in Mr. Noyes' letter ("Cap and Rack Cost" + LCFS cost) and is recognized by the industry to be approximately \$0.40 per gallon. To that end, we request that CARB further review LCFS through its Public Workshops and consider revising the regulations to overcome the disparity in policies between the production of renewable diesel and AJF. Doing so will send the price signal producers need to secure investment capital to expand their facilities and increase supply to airlines uplifting AJF in California. It also offers a lifeline to renewable diesel fuel producers that exclusively serve the on-road sector, which is now obligated to increasingly electrify through State Executive Order and regulation, to retrofit and retool plants for a future of aviation fueled by AJF.

With quotas and targeted AJF incentives announced and growing in Canada, the United Kingdom, Sweden, Norway, and the European Union, we hope that CARB will consider expanding the LCFS credit for AJF. Doing so can help power aviation's contribution to California's post-COVID and wildfire recovery in a way that keeps our state climate-competitive and fuels our industry's energy transition. At a time of federal impasse, CARB can grow AJF's LCFS credit as a key waypoint in California's pandemic and climate emergency response planning and create a lasting legacy for our state.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ivar C. Satero", is written over a circular stamp or seal. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ivar C. Satero
Airport Director