December 21, 2022

Cheryl Laskowski, Branch Chief
Low Carbon Fuel Standard Program
California Air Resources Board
1001 I St., Sacramento, CA 95814

Re: November 9, 2022, Workshop on Low Carbon Fuel Standard (LCFS) Amendments

Dear Ms. Laskowski:

Over the past 10 years the LCFS has been tremendously successful in supporting the transition from petroleum to cleaner transportation fuels used in California including renewable diesel, biodiesel, renewable natural gas, lower carbon intensity ethanol, renewable hydrogen, sustainable aviation fuel, and electricity. The fuels have replaced petroleum and in doing so have reduced climate change pollutants as well as a myriad of toxic pollutants that adversely impact communities. The LCFS has served as a catalyst for billions of dollars of investments in clean fuels. CARB's leadership on the LCFS has proven to be a model for the world in how to reduce emissions in the transportation sector.

The 2022 update to the Scoping Plan is the state's response to the need for a holistic strategy to achieve legislatively mandated greenhouse gas reduction targets including achievement of carbon neutrality by 2045. The 2022 Scoping Plan is built on science and robust analysis in presenting an irrefutable case for ramped-up mitigation relying heavily on strengthening programs that have been effectively implemented for years. In short, there is no path to achieve the state's climate goals without strengthening the LCFS.

The below-signed organizations encourage CARB to increase the stringency of the LCFS to require at least a 30 percent reduction in carbon intensity (CI) by 2030, as well as a substantive "step down" in 2024 to deliver additional near-term reductions achievable due to insufficient program stringency over the past years. In addition to increasing the stringency of the program, we strongly recommend the 2023 rulemaking process to include the development of a mechanism that allows for responsively tightening the stringency of the program to ensure emission reduction benefits are fully realized in the event of sustained and significant innovation in the clean fuels industries.

The LCFS regulation has charted new territory in how to build a performance-based mechanism that is fundamentally market driven. CARB has deftly incorporated economic realities into the program over the years in response to market changes that the program was designed to influence. As such, LCFS includes several features designed to contain high prices and potential shortages of credits. These features include:

- Unlimited banking
- No expiration date on credits

- Fungible use of credits to mitigate deficits irrespective of the deficit-generating fuel
- Credit clearance mechanism with a price cap
- Mechanism to pull utility electric vehicle credits forward
- Ability to carry over deficits in the event credits are unavailable.

Several of these features have never been triggered but were incorporated into the regulation to provide market stability and certainty necessary to support private sector investment into the clean fuels space—investments that are foundational to transition from petroleum. From the program's inception, minimal attention has been directed at effectively protecting clean fuel providers by providing some certainty and market stability against the potential for a market glut of LCFS credits and very low credit prices. Specifically, the program continues to exceed CI reduction targets and has a growing credit bank that now stands at over 10 million credits. The historical response to this issue has been to go through a new round of amendments to increase the stringency of the program. However, anticipating the magnitude of innovation associated with developing progressively cleaner fuels is exceedingly difficult. In short, the market has consistently exceeded the CI reduction targets under the program, and the model of waiting for a new round of amendments has resulted in missed opportunities to reduce millions of tons of climate change pollutants.

We propose that, in addition to tightening the stringency of the LCFS to achieve a minimum 30 percent reduction by 2030, CARB work with stakeholders to develop a mechanism that dynamically responds in the event of future sustained and significant CI target underestimation by further tightening the stringency. This mechanism, called an acceleration mechanism, would complement the updated overall stringency of the program, complement existing mechanisms to avoid credit shortfalls and price escalation, and better ensure that opportunities to deliver additional reductions of climate change pollutants and toxic air pollutants are not foregone. An acceleration mechanism would keep innovation, investment, and emission reductions accelerating faster than they would otherwise. We believe that an acceleration mechanism can be developed that provides clear metrics that trigger adjustments to the program as well as the necessary certainty for deficit and credit generators to plan accordingly. By incorporating an acceleration mechanism into the regulation, the program will provide the market with a clearer signal that investments in clean, low-carbon fuels will be rewarded, and that California will not leave climate change pollutant reductions "on the table" in the event the program faces the issue of significantly exceeding its CI reduction targets in the future.

We look forward to continuing to work with CARB to update the LCFS and appreciate the opportunity to provide this comment.

Regards,

Laura Renger
Executive Director
California Electric Transportation Coalition

Sam Wade
Director of Public Policy
RNG Coalition

Nancy Young
Chief Sustainability Officer
Alder Fuels

Cory Bullis
Public Affairs Director, US
FLO EV Charging

Noah Garcia
Manager, Market Development and Public Policy
EVgo

Suncheth Bhat
Chief Business Officer
EV Realty

Linda Morales
Principal Manager of Air and Climate Policy
Southern California Edison

Colin Wilhelm
Policy and Funding Manager
Lightning eMotors

Ross Buckenham
CEO
California Bioenergy LLC

Reed Addis
Governmental Affairs
Electric Vehicle Charging Association

Papia Gambelin
Managing Director, Western Region
United Airlines

Heidi Sickler
Director of Policy
BP Pulse Fleet

Renee Samson
Director of Regulatory Affairs
FreeWire Technologies

Brian Foody
CEO
Iogen Corporation

Tom Van Heeke
Senior Policy Advisor, Environmental
Rivian

Michael Daft
Government Affairs Manager, Western US
Blink Charging

Michael Daft
Government Affairs, Western US
SemaConnect

Brant Arthur
Programs Manager
Sonoma Clean Power

Adam Browning
Boardmember
Forum Mobility

Cory Illeman
Policy Manager, Clean Transportation
San Diego Gas & Electric

Lydia Krefta
Director, Clean Energy Transportation
Pacific Gas & Electric

Scott Lewis
President, Supply Zero
World Energy, LLC

Derek Dolfie
Senior Public Policy Manager, California
ChargePoint

Orville Thomas
State Policy Director
CALSTART

Patrick Couch
Vice President & Partner, Technical Services
Gladstein, Neandross & Associates

Becky Knox
Director of Public Policy, North America
EVBox

Joel Levin
Executive Director
Plug In America

Bill Magavern
Policy Director
Coalition for Clean Air

Chris Vargas
SVP of Sales & Marketing
Chargie

Katharine Larson
Manager, Regulatory Affairs
Sacramento Municipal Utility District

Jane Cirrincione
Assistant General Manager, Legislative and Regulatory Affairs
Northern California Power Agency

David Kailbourne
CEO
REV LNG Holdings

Donna Schempp
President
SJI Renewable Energy Ventures

Eric McAfee
Chairman & CEO
Aemetis, Inc.

Jill Blickstein
VP, Sustainability
American Airlines

Andrea Villarin
Manager of Air Quality
Los Angeles Department of Water and Power

Andy Foster
President
Aemetis Biogas, Inc.

Angela Schwarz
CEO
Anew Climate

Adam Comora
Co-CEO
Opal Fuels

Lyle Schlyer
President
Calgren Renewable Fuels

Graham Noyes
Executive Director
Low Carbon Fuels Coalition

Maya Kelty
Senior Director Regulatory Affairs
3Degrees

Jeff McDaniel
VP New Projects
Velocys

Amy Brown
Chief Operating Officer
Adelante Consulting

Lindsay Fitzgerald
Vice President of Government Relations
Gevo

Henry Park
Founding Managing Partner
Energy Power Partners

Patrick Serfass
Executive Director
American Biogas Council

Philip O’Niel
Vice President, Business Development, Strategy, and M&A
DTE Vantage

Ashley P. Beaty
Vice President, Partnerships & Public Policy
BTR Energy

Jordan Haverly
Federal Affairs Manager
Neste

Todd Trauman
CEO
e-Mission Control

Benny Wong
Managing Director – Fuels & Regulatory Affairs
Fulcrum BioEnergy

Amy Malaki
Head of Policy and Sustainability
SkyNRG

cc: Chair Liane Randolph
CARB Board Members
Rajinder Sahota
Matthew Botill
Jordan Ramalingam
Rachel Conners
Jacob Englander