



COMMENTS OF HIF USA
ON
POTENTIAL CHANGES TO THE LOW CARBON FUEL STANDARD

AUGUST 8, 2022

Highly Innovative Fuels USA (HIF USA) offers these comments in response to the California Air Resources Board's (CARB) July 7, 2022 public workshop on potential changes to the California Low Carbon Fuel Standard (LCFS).

A subsidiary of HIF Global, HIF USA is a global eFuels company focused on harnessing renewable energy sources to achieve fuel sector decarbonization. HIF USA is currently developing a commercially viable process for generating carbon-neutral fuels that can be used in traditional transportation applications and will be seeking CARB approval of an LCFS pathway for its process. HIF USA's focus on eFuel development and commercialization fully aligns with CARB's mission in the LCFS program to encourage private sector innovation and to ensure a diverse supply of low-carbon transportation fuels in California.

HIF USA recently submitted comments to CARB in support of the Draft Scoping Plan update released in May 2022, and we offer comments here to highlight key considerations for the long-term success and viability of the LCFS program. Specifically, if CARB intends to increase stringency of the carbon intensity (CI) compliance targets in the LCFS, it will be increasingly critical that CARB dedicate adequate resources to the LCFS program to ensure that pathway applications for innovative fuel projects are timely reviewed and processed. Simply ratcheting up LCFS compliance obligations without corresponding changes to improve opt-in entities' ability to develop and capitalize upon LCFS credit pathways would threaten the continuity of transportation fuel supply in California and at a minimum increase the costs of meeting the LCFS CI targets for regulated entities that must demonstrate compliance. This in turn could have unintended and undesirable consequences, such as driving up fuel costs and potentially forcing the freight sector to turn to transportation modes or fuel sources with higher emission profiles and greater environmental impacts.

Because they are available now, can be used in today's vehicles, and are compatible with current refueling and transportation infrastructure, eFuels have an important role to play in the transition away from traditional fossil-based fuels that CARB is seeking. We encourage CARB to take steps to attract investment in eFuels by simplifying the pathway approval process and by streamlining compliance obligations for opt-in entities. Indeed, changes to the program that increase stringency, complexity, and compliance burdens, without expanding program resources and facilitating the pathway process, will only serve to stifle the currently burgeoning supply of low-carbon fossil fuel alternatives.

We thus urge CARB to approach the upcoming LCFS amendment process not just as an opportunity to make the CI target more stringent but also to facilitate pathway approvals. This can be done, for example, by increasing staff resources dedicated to reviewing and approving pathway applications and by prioritizing innovative projects such as eFuels that will expedite achievement of California's



climate goals. The CARB staff that reviews pathways needs to be supplemented to accommodate the existing pending pathway approvals, and any change in CI stringency will only increase that demand. While we understand that the staff is very efficient in its review, the current and future demand simply requires more staff to be dedicated to pathway processing. Ultimately, this will serve CARB's climate goals and promote the innovation and leadership that California continues to demonstrate on climate progress.

HIF USA appreciates CARB's forward-thinking approach to transportation fuel decarbonization, and we look forward to working with CARB staff to obtain approval of our pathway application. If you have any questions or would like to discuss these comments, please contact Meg Gentle, HIF Global (meg.gentle@hifglobal.com) or Shannon S. Broome, Hunton Andrews Kurth LLP (sbroome@huntonak.com).