



1157 Valley Park Drive, Ste. 100
Shakopee, MN 55379

August 8, 2022

Cheryl Laskowski
Branch Chief
California Air Resource Board

Electronic submittal only via: [comment docket](#)

Re: July 7th LCFS Public Workshop Potential Changes to the Low Carbon Fuel Standard

Dear Ms. Laskowski,

RPMG Inc. (RPMG) is a biofuel marketing company active in the California fuels marketplace, representing our owner and marketing partner biofuel facilities located throughout the Midwest. We would like to thank CARB for giving us the opportunity to comment at this informal stage of the rulemaking process. Our comments are focused on biofuel policy impacts and implications.

Biofuel Benefits

RPMG notes that Midwest ethanol is a consistent, reliable, and affordable source of low carbon intensity (CI) fuels (starch and cellulosic: E10, E15, E85) for all Californians. The CI scores of Midwest ethanol are on a downward trajectory due to the innovation resulting from the market signals of the LCFS program. Our member facilities are investing in carbon capture and storage, energy efficiency and cogeneration, and other CI reducing technologies at an escalating rate. As California encourages reducing CI scores, the industry will continue to supply the market with lower and more competitive CI fuels—just as the program was designed to do. Retaining the signal that lower CI liquid biofuels are welcome in the state, and can replace fossil gasoline at higher volumes, should be a foundational pillar of the upcoming amendments and overall fuel policy.

Regulated Fuels

As the LCFS rulemaking process continues, RPMG seeks clarification on both staff introduction of intrastate fossil jet fuel into the LCFS as an obligated fuel and the Governor's recent request for a 20% Sustainable Aviation Fuel (SAF) requirement.¹ It is currently unclear if the Governor's requested 20% SAF requirement is a volumetric requirement or a 20% CI reduction target. It is important to clarify for understanding measures like these early to send industry clean investment signals. Midwest ethanol producers are prepared to meet the demands of an emerging SAF market with renewable feedstocks.

1. <https://www.gov.ca.gov/wp-content/uploads/2022/07/07.22.2022-Governors-Letter-to-CARB.pdf?emrc=1054d6>

Post 2030 CI Targets

RPMG encourages CARB to set interim targets between 2030 and 2045 as good practice to allow the industry to plan and invest for the 2030-2045 time period. These targets will allow the necessary relationships, infrastructure, and logistical schedules to facilitate a reliable low CI fuel supply to meet consumer demand. Markets are directly affected by CARB decisions and incremental targets create a stable market environment for all players in the fuel system. Additionally, fuel providers require market certainty to secure funding and drive investments in low carbon fuel infrastructure. RPMG looks forward to further discussion on target setting.

Aligning LCFS to the Scoping Plan

RPMG welcomes the 2022 draft Scoping Plan, as well as, the Governor's call for a more aggressive LCFS. These declared policy measures strengthen the LCFS credit demand signal and incentivize robust investment.

Staff further highlighted a need to review credit sources and potential areas of oversupply. It is critical to analyze any removal of credit generating activities very closely. RPMG views the potential sunset of credit generating mechanisms as a potential contributor to major erosion of investment certainty in the LCFS. Removal of qualifying credit generating activity, be it a project-based or pathway-based mechanism, could affect any invested industry's ability to operate in the California market if not structured appropriately. As previously stated, relationships, infrastructure, and logistical schedules require steady market environments. Undercutting existing credit generating mechanisms can destabilize those very things that the market needs.

Discussion Concept of a Lipid cap

RPMG is concerned with the staff concept surrounding capping the eligibility of low carbon fuel feedstocks. Lipid feedstocks, like distiller's corn oil, will be crucial to meet the need of the growing renewable diesel industry. Feedstocks and fuel technologies should be allowed to compete in the marketplace to best serve transportation energy consumers and the environment. There is strong evidence that renewable diesel answers the call for low CI fuel supply, now. The ILUC value incorporated into the LCFS takes any land use or sustainability criteria into account in the market. Ethanol plants are continually increasing efficiency to increase oil yield to meet this demand.

Thank you,

Per Lundmark
Regulatory and Compliance Specialist
RPMG Inc.