



December 21, 2022

Cheryl Laskowski, Branch Chief – Low Carbon Fuel Standard
California Air Resources Board
1001 I Street, Sacramento, CA 95814

Re: LCFS Program Update: Renewable Diesel

Dear Dr. Laskowski and CARB Staff,

I write on behalf of the Sunflower Alliance, an East Bay environmental and climate justice organization with 4,000 supporters. We've been advocating for the health and safety of communities along the Bay Area's refinery corridor since 2013.

We want to truly thank you for this long-overdue revisiting of California's Low Carbon Fuel Standard. However, our gratitude is tinged with no small amount of regret that this process did not begin *before* two large renewable diesel (RD) projects at the Phillips 66 and Marathon refineries were proposed and subsequently approved by Contra Costa County just last May. Those renewable diesel proposals were motivated in large part by the availability of generous state and federal LCFS credits; approval was ensured by the appearance at the final hearings by former CARB Executive Officer Richard Corey, who gave both projects his unqualified support.

We strongly endorse a managed and equitable phasedown of petroleum refining in the state of California and applaud your support for an interagency effort to initiate this process. However, we are not convinced that replacement of petroleum refining by production of alternate transportation fuels is an unqualified good. The negative environmental impacts of these alternative fuels deserve far closer scrutiny, as does their categorization as lower-GHG. Biodiesel and other lipid-based biofuels should not be considered viable long-term, sustainable options.

Moreover, we are concerned that as more and more RD projects come online, we will be seeing massive oversupply for the in-state market. The excess is intended for foreign markets, as so clearly evidenced by the expressed ambition of the Phillips 66 Rodeo refinery to become "one of the world's largest renewable fuels facilities" at a production level of 67,000 BPD¹, as well as by long-established export trends, in which California refineries are exporting virtually 30% of their finished petroleum goods to foreign markets.² We must count all exported transportation fuels within our state GHG inventory, whether they are petroleum-based or "renewable."³ After all, it is our pollution-burdened refinery communities which suffer the production impacts—still largely unknown when it comes to renewable diesel—and enable the ample profit made from fuels combusted outside state borders.

The two Bay Area renewable diesel refinery conversions, like others throughout the state, are counting on a long-term supply of soy oil and other lipid feedstocks. We feel strongly that a reliance on food crops used by humans and livestock to produce transportation fuels is the height of folly in an age of increasing global food insecurity and chronic deforestation.⁴ We note that because of these dangerous consequences, the EU has already banned the use of soy and palm oils for use as feedstocks for biodiesel production, starting in 2023.⁵

Excluding palm oil from the LCFS is not enough. Converting agricultural and forest land to grow soy for biodiesel is already having serious negative impacts. The market for vegetable oil is fungible: when palm oil is banned, the demand for soy oil increases. It is distressing that existing LCFS standards encourage California refineries to pivot increasingly to the refining of soy-based renewable diesel, even as Europe commits to a major correction of its own formerly misguided policy.

We hope your new modeling will account for the significant supply chain impacts associated with vegetable oil-based feedstocks. We urge you to:

- Seriously consider placing a cap on their use, as recommended in the ICCT's *Setting a lipids fuel cap in the California Low Carbon Fuel Standard*.⁶
- Limit the quantity of total statewide RD production to reflect current projections of decreasing in-state demand.
- When modeling carbon intensity, consider the huge amount of blue hydrogen that will be utilized by refiners of renewable diesel. No refining project that requires vastly increased quantities of natural gas can be rationally considered low-GHG.
- Include all exports of transportation fuels, whether petroleum-based or "renewable," in GHG modeling.
- Factor into LCFS rulemaking the health-related costs of refining alternative fuels. Our environmental justice communities deserve a serious assessment of the health and safety impacts of introducing brand new feedstocks into facilities that previously refined petroleum crudes.

Thank you for the opportunity to share these concerns.

Very sincerely yours,

Shoshana Wechsler
Co-coordinator, Sunflower Alliance

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1. <https://www.phillips66.com/newsroom/rodeo-renewed-right-project-at-the-right-time/>
 2. https://www.energy-re-source.com/_files/ugd/bd8505_f797156f5e674fed9bf967ee390d7364.pdf
 3. https://www.energy-re-source.com/_files/ugd/bd8505_8aa41652da5a402386b66dbd1cd570f2.pdf

4. <https://www.scientificamerican.com/article/the-new-era-of-biofuels-raises-environmental-concerns/>; see also <https://theicct.org/publication/lipids-cap-ca-lcfs-aug22/> .
5. <https://www.mintecglobal.com/top-stories/eu-to-discontinue-soyabean-oil-and-palm-oil-as-biodiesel-feedstock-from-2023>
6. <https://theicct.org/publication/lipids-cap-ca-lcfs-aug22/>