

ARB Docket Comments System (docket)

To: ARB LCFS Workshop
Subject: RE: Enerkem's comments on the proposed regulation order for the California Low Carbon Fuel Standard

From: Daphne Ferguson <DFerguson@enerkem.com>
Sent: Friday, April 20, 2018 8:10 AM
To: ARB LCFS Workshop <LCFSWorkshop@arb.ca.gov>
Subject: Enerkem's comments on the proposed regulation order for the California Low Carbon Fuel Standard

Dear Sir or Madam,

Please find attached Enerkem's comments on the proposed regulation order for the California Low Carbon Fuel Standard.

Best regards,

Daphne Ferguson | Analyste principale, affaires gouvernementales / Senior Analyst,
Government Affairs



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April 23, 2018

Sam Wade
Chief, Transportation Fuels Branch
California Air Resources Board
By email: LCFSworkshop@arb.ca.gov

Dear Mr. Wade,

Enerkem appreciates the opportunity to submit comments on the proposed amendments to the Low Carbon Fuel Standard (LCFS) regulation.

Enerkem is a leading waste-to-biofuels and chemicals company. We produce clean fuels and green chemicals from non-recyclable municipal solid waste, thus helping diversify energy sources while offering a sustainable alternative to landfilling and incineration. Our facility in Edmonton, Alberta (Canada) is the world's first commercial biorefinery to use municipal solid waste to produce biomethanol and ethanol. In 2016, this facility obtained certification from the International Sustainability and Carbon Certification (ISCC) system for its biomethanol production and received an approved fuel carbon intensity for the British Columbia Low Carbon Fuels Standard. In 2017, the facility was approved by the Environmental Protection Agency as a producer of cellulosic ethanol under the U.S. Renewable Fuel Standard.

We are also currently developing biorefineries in North America and globally, including a project in development in Inver Grove Heights, Minnesota, in partnership with SKB Environmental, a Waste Connections company. This facility would produce a minimum of 20 million gallons of cellulosic ethanol annually from 200,000 tons of non-recyclable, separated municipal solid waste. Enerkem is also in preliminary discussions with municipalities and industrial groups in California to develop non-recyclable municipal solid waste to biofuels facilities in the State.

We commend the California Air Resources Board (CARB) for continuing to pursue reductions in the carbon intensity of the transportation fuel pool used in California and believe that the LCFS is an effective and fair tool for achieving this goal. We applaud the proposal to extend the LCFS program targets for the 2020 to 2030 period, which will create the certainty and stability needed to attract investment in low carbon fuels production.

Our specific comments on the Proposed Regulation Order are below.

Specified source feedstocks - § 95488.8(g)

In § 95488.8(g) CARB has clarified the requirements to be eligible for a reduced carbon intensity (CI) that reflects the lower emissions or credit associated with the use of a waste, residue, by-product or similar material. In order to ensure a level playing field for different wastes and residues, separated municipal solid waste (MSW) and non-recyclable commercial and industrial waste should be added to the list of specified source feedstocks. Post-sorted MSW is clearly a waste, which is produced regardless of the existence of a low carbon fuels project that could use the material as a feedstock. Furthermore, the use of this waste as a feedstock is associated with lower emissions than materials that are specifically created for use as a feedstock and lower emissions than the alternative management option for these materials which is landfill.

We further recommend that section § 95488.8(g) clarify that the emissions at the point of origin of a waste or residue are zero, in consideration of the fact that the material would still be produced in the absence of the project. This would be aligned with the treatment of wastes and residues under the LCA methodology for biofuels specified by the European Renewable Energy Directive, which specifies that wastes and residues “shall be considered to have zero life-cycle greenhouse gas emissions up to the process of collection of those materials” for the project.¹

Design-based pathway category - § 95488.9(e)

Energkem supports the creation of the new design-based pathway category to allow facilities that are not yet in commercial production to obtain a CI, which cannot be used to generate credits. This approach will enable facilities in the planning and developments stages to better assess the CI of their future products and consequently their market value. This will help facilities with low carbon fuel pathways attract investment and will have a positive impact on the availability of low carbon fuels.

Addition of alternative jet fuel to the scope of the LCFS - § 95483(a)

We believe that the addition of alternative jet fuel to the scope of the LCFS is appropriate and will help stimulate production and use of alternative jet fuel in California.

¹ DIRECTIVE 2009/28/EC

Requirements for validation and verification - § 95501

Enerkem is also supportive of CARB's introduction of sustainability verification by accredited third party verification/certification bodies. Enerkem recommends allowing certification systems approved for the European Renewable Energy Directive (EU RED) to provide LCFS verification services for the California LCFS, in order to help ensure a smooth transition when the amended LCFS is implemented in 2019. We also recommend that CARB explore how the sustainability verification can be aligned with the existing Quality Assurance Program for the U.S. RFS, which some producers will already be familiar with.

Conclusion

In conclusion, Enerkem commends ARB for pursuing and strengthening this effective policy for decarbonizing the transportation sector. The LCFS makes California an attractive market for Enerkem's low carbon ethanol and we look forward to providing this low carbon fuel to the California market in the near future. We also look forward to continuing to explore opportunities to develop low carbon waste-to-fuels projects in the State, bringing further investment and high-quality jobs to California's clean fuels industry. We support the creation of the design-based pathway category, the addition of alternative jet fuel to the scope of the LCFS and the introduction of sustainability verification. We recommend that separated municipal solid waste (MSW) and non-recyclable commercial and industrial waste be added to the list of specified source feedstocks and that section § 95488.8(g) clarify that the emissions at the point of origin of a waste or residue are zero.

Thank you for your consideration of these comments,



Marie-Helene Labrie

Senior Vice-President, Government Affairs and Communications