



**California Independent Petroleum Association**

1001 K Street, 6<sup>th</sup> Floor

Sacramento, CA 95814

Phone: (916) 447-1177

Fax: (916) 447-1144

California Independent Petroleum Association Comments

Comments on August 19, 2020 Webinar –

Public Workshop to discuss Achieving Carbon Neutrality in California: A Report by E3

California Air Resource Board  
1001 I Street  
Sacramento, CA 95814

September 9, 2020

*Via electronic submittal to:*

[https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=cn-e3-report-ws&comm\\_period=1](https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=cn-e3-report-ws&comm_period=1)

The California Independent Petroleum Association (CIPA) appreciates the opportunity to submit comments on this effort. The policy of achieving Carbon Neutrality in California is just developing, and CIPA is pleased to see the California Air Resources Board (CARB or Board) seeking input on this important and far reaching strategy.

The mission of CIPA is to promote greater understanding and awareness of the unique nature of California's abundant oil and natural gas resources, and the independent producers who contribute actively to California's economy, employment and environmental protection.

CIPA also represents the interests of Californians throughout the state who depend on affordable, reliable energy. We need to continue to power the world's fifth largest economy while supporting upward economic mobility for disadvantaged communities, many of whom suffer under California's high poverty rate and high cost of living.

Since AB 32 was passed in 2006, the state has decreased statewide GHG emissions from their peak in 2004 and achieved the 2020 target a few years in advance, even while demand for transportation fuels has increased. Given liquid transportation fuels will be needed for the foreseeable future it is critical that the State continue to focus on a holistic range of programs that achieve the goal of reducing GHG emissions while still meeting the energy demands of its citizens. Carbon neutral does not mean zero carbon emissions. A technology neutral mix of policies is needed to reduce and sequester (biological and mechanical) emissions to achieve a net-zero emission target by 2045.

***The focus of a carbon-neutral policy should be “net-zero” and not absolute zero emission.***

Californians' demand for available, affordable and reliable energy dictates a long-term combination of traditional and renewable energy, along with large-scale implementing of Carbon Capture and Sequestration technology. CIPA's members are actively working on lower-carbon technologies, sequestration projects and incorporation of renewable energy into their production operations. With in-state production being the cleanest, safest and most socially equitable

production in the world, the last barrel of petroleum that California uses should be produced in California.

CIPA reiterates its concerns regarding the shift in direction the Carbon Neutrality policy has undertaken, as highlighted in CARB's introductory slides. The CARB introductory presentation differed substantially from earlier workshops in a way that has significant implications for the State's Carbon Neutrality Policy. Previously, CARB's stated Carbon Neutrality position has been "sources = sinks" while minimizing emissions, but the current staff presentation espouses a two-step process where Step #1 was the elimination of all fossil energy and industrial combustion processes. The change in direction *should be the focus of explicit public discussion*, and not just inserted into staff introductory slides. As stated above, CIPA believes the key to Carbon Neutrality is the "Neutrality" of emissions, not the elimination of emissions. The latter policy is also, far more expensive.

The webinar on August 19<sup>th</sup> was centered around the findings of a report by E3. The report was limited in scope, and therefore its findings should be taken in the context that they were presented—without carbon dioxide removal or working lands contributing to the solution. Leaving these other non "energy system" components out of the mix can lead to results that are not cost-effective or will not provide real world scenarios. CIPA believes the E3 report really only had one-scenario modeled, the "electrification" scenario. This is an example of a policy goal feeding the model rather than the other way around.

Heading down the electrification path, without alternative scenario options is problematic from a policy, economic and risk perspectives. Some examples of technologies not focused on in the study are NG power with CCS, which can be as low carbon as solar with batteries<sup>1</sup>, while Renewable Natural Gas (RNG) is a carbon negative fuel that can seamlessly use the existing energy infrastructure.

Life cycle and supply chain environmental impacts are not vetted for chosen scenarios. Incomplete evaluation of lifecycle impacts of alternatives will undermine the technology selection process and lead to poor energy and social decisions for California. An example is the assumption that wind and solar are considered zero carbon energy sources based on limited consideration of their impacts. Outside of habitat and wildlife impacts, the environmental footprint of wind and solar may not be overwhelming in California. However, manufacturing these units – and especially the batteries that are envisioned to balance the grid - is extremely destructive to the countries and impoverished communities around the world where raw materials are sourced, and further where the manufacturing processes and resulting CO<sub>2</sub> emissions occur. The lifecycle CO<sub>2</sub> impact of wind, solar and battery systems is increasingly well-studied, well above zero and don't provide any net reductions for years after installation. Impacts that occur outside of California borders must be taken into consideration.

We previously commented on the Carbon Neutrality studies being undertaken right now through CalEPA. We stand by those comments again and encouraged thorough consideration of the future of energy diversity and security for California. The societal value of the existing in-state industrial base needs to be recognized by staff, and such a recognition needs to be retained throughout the Carbon Neutrality policy development.

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<sup>1</sup> "The potential of renewables verses natural gas with CO<sub>2</sub> capture and storage for power generation under CO<sub>2</sub> constraints". Machteld van den Broek, Niels Berghout, Edward S. Rubin

In our prior letters on this topic, CIPA discussed that sustainability requires California to become consistently self-sufficient – for food, water, energy and other daily necessities. To truly align with California’s sustainability values, state policymakers should reverse their strategy of increasingly relying on energy imports for over 90% of our natural gas, 70% of our oil and 30% of our electricity needs. Recent state policies have significantly increased Californians’ dependence on imported energy, meaning that California is delegating its environmental leadership, and carbon footprint, to other states, countries and regimes that do not share our environmental, labor, and human rights standards. Methane flaring prohibitions and fugitive leak controls are reducing emissions locally, whereas the lack of controls are adding to the GHG issues in other jurisdictions. CIPA believes that the state should encourage local production of all forms of energy under California’s world-leading regulations, rather than deferring to other states and distant countries. This issue must be addressed in any Carbon Neutral policy.

Should you have any questions or wish to discuss our comments further, please do not hesitate to contact CIPA. We look forward to reaching out for additional information and discussions on the key questions asked in the webinar.

Sincerely,

A handwritten signature in black ink, appearing to read "Rock Zierman", with a stylized flourish extending to the right.

Rock Zierman  
Chief Executive Officer  
California Independent Petroleum Association