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April 23, 2020

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Comments on Proposed Amendments for the Alternative Diesel Fuels Regulation

Dear Chairman Nichols and Members of the Board:

I'd like to thank the members of the Board for the opportunity to comment on the proposed rulemaking for the Alternative Diesel Fuels regulation. Although we do not agree with several elements of the proposed changes to ADF regulations, I'd like to also thank the members of CARB staff for their work on the LCFS and ADF regs.

My company, Crimson Renewable Energy is the largest producer of biodiesel in California and a leading statewide collector of Used Cooking Oil. We have been producing biodiesel at our Bakersfield facility since 2011. As such, we are a significant stakeholder in any regulation that impacts the production and sale of biodiesel in California.

First, I would like to say that historically our industry and as well my company have always been able to work with CARB Staff since the inception of the LCFS program and as the ADF regulation first took shape. I don't think our national or state trade associations or company individually has ever filed a letter in opposition to a proposed rulemaking. So, this is a first and I hope the significance of this is not lost on members of the Board.

There are a handful of key reasons Crimson opposes the proposed ADF changes.

Causing Harm to the Biodiesel Industry and Reduction in Air Quality Benefits

The proposed changes will be harmful to the biodiesel industry and to my company, especially given the turmoil and deep uncertainty we are experiencing in the biodiesel market due to the COVID-19 Pandemic. Simply put, biodiesel producers like us are struggling to keep our plants open and remain solvent. As oil and fuel prices have plunged, we have simultaneously seen the supply of low carbon feedstock rapidly contract, the prices of these raw materials increase, and fuel demand contract. These factors have caused many biodiesel plants, including ours, to reduce production significantly, which means California will see a reduction in the air quality and environmental benefits delivered by biodiesel (i.e. reductions in diesel particulate matter, carbon monoxide, and polycyclic aromatic hydrocarbons, and greenhouse gas emissions).

If the proposed ADF changes are implemented as is, this will create a regulatory barrier to the consumption of biodiesel in California. This in turn will reduce the market for biodiesel in California and exacerbate the ongoing demand destruction effects we expect to see from the COVID-19 Crisis over the next 12-24 months until there is a vaccine and COVID-19 is defeated. Several of our customers are truck stops and fuel wholesalers who currently sell B20 biodiesel blends. Without an ADF additive solution or



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the ability to procure enough renewable diesel to blend it at the proposed ratio, they will have to reduce their consumption of biodiesel by over 50%.

Needlessly High Blend of Renewable Diesel That Exceeds What's Required for NOx Neutrality

Based on CARB's previous advocacy of a RD75/B20 blend and their acknowledgement that this goes beyond NOx neutrality vs CARB Diesel, the ratio for RD/biodiesel blend should be at most 2.75 to 1. However, if CARB and the Board were to focus on the original ADF goal of simply ensuring NOx neutrality vis-a-vis CARB Diesel, the ratio should be more like 1:1. Furthermore, keep in mind that RD is a supply constrained fuel. The California market must compete with European and Canadian markets for RD, and many of our truck stop and fuel wholesaler customers can't currently buy RD due to lack of supply.

Issues with the Proposed 2-Lab Testing Protocol and Need for Industry Working Group

As the National Biodiesel Board, the California Advanced Biofuels Alliance (respectively our national and state trade associations), the Engine Manufacturers Association, and additive fuel manufacturers have stated, there are numerous issues with the 2-lab testing protocol that staff is proposing. Personally I find it very strange that all of a sudden CARB staff doesn't trust the test results from Southwest Research Lab that has for several years certified a large number of the CARB Diesel formulation currently on the market or from another lab (West Virginia University) that was instrumental in providing the test data that proved that Volkswagen was cheating on emissions testing. But leaving all that aside, I hope that at a minimum, the Board will be supportive of having an industry stakeholder working group working in parallel with the rulemaking process to conduct round robin testing between multiple labs including CCERT and see the true degree of variability between them.

Need for More Time to Engage With Industry Representatives and Working Group

Finally, there simply has not been sufficient opportunity for the kind of industry engagement that has normally taken place, such as with the original ADF rulemaking or LCFS rulemakings. The COVID -19 Pandemic has clearly made meaningful engagement rather difficult in the past 6 weeks. Thus, we at Crimson urge the Board to support a 15-Day Change process to allow CARB staff enough time to properly engage with Industry representatives to work through the outstanding technical issues.

Sincerely,

Harry Simpson
President and CEO

