



August 8, 2022

Cheryl Laskowski
California Air Resources Board
1001 I Street
Sacramento, CA 95814

California Ethanol & Power (CE+P) Comments on July 7, 2022, Low Carbon Fuel Standard Workshop

Dear Dr. Laskowski:

We appreciate the opportunity to comment on the July 7, 2022, Low Carbon Fuel Standard (LCFS) workshop. As highlighted in during the workshop, the LCFS has been tremendously successful in supporting a wide array of low carbon fuels. We encourage CARB to amend the program in a manner that builds on this success and ensures the program continues to play a critical role in decarbonizing fuels, and the existing vehicles that use them, for decades into the future.

CE+P is a development company whose mission is to develop, construct, operate and own numerous facilities that will convert locally grown sugarcane into sustainable, renewable, and extremely low carbon transportation fuel that will assist California in meeting its groundbreaking AB32 requirements. CE+P is committed to employing processes and equipment that are both commercially proven and financeable, while also meeting California's stringent environmental regulations.

Located near the city of Brawley in Imperial County, the 160-acre Sugar Valley Energy campus represents CE+P's first project. Comprised of an advanced sugarcane-to-ethanol biorefinery, bio-electrical generation facility and wastewater treatment plant, the project will generate 70 million gallons of ultra-low carbon ethanol, up to 49 megawatts of bio-electricity as well as pipeline-grade bio-gas. The project is expected to create over \$1 billion in economic activity and support more than 15,000 jobs, including more than 9,400 construction jobs. CE+P has received investments in the form of loans from the County of Imperial and the Imperial Irrigation District to support its pre-development activities and has completed all of its major entitlements.

At the state level, the California Alternative Energy and Advanced Transportation Financing Authority recently awarded Sugar Valley Energy a sales and use tax exclusion (STE) on more than \$235 Million of purchases related to the facility's construction, which is estimated to save approximately \$10 Million on the project's overall costs. In addition, the project was awarded a \$10 Million income tax credit incentive by the state GoBiz department during the Brown administration.

At the federal level, Sugar Valley Energy is being considered by the U.S. Department of Energy

for its Loan Programs Office's Title XVII Innovative Energy Loan Guarantee Program, designed to stimulate development of renewable and efficient energy projects. While there is no guarantee that the department and SVE will complete negotiations on a loan for the project, the federal government's interest in the project further validates the strong local and state support Sugar Valley Energy has received.

Our project epitomizes the success and benefits of the LCFS, creating new, innovative low carbon fuel supplies, jobs and economic activity – right here in California. As CARB amends the program, it should make sure the LCFS remains a powerful signal to decarbonize fuels and transportation in California, in-line with the State's climate goals. We believe two principles are especially important to ensuring the ongoing success of the program:

- 1. Maintain strong targets, in-line with the State's climate goals and programs.** We support a target of at least a 30% reduction in carbon intensity by 2030, and stronger targets thereafter that keep the state on track to achieve its carbon neutrality goals.
- 2. Focus on decarbonizing liquid fuel supplies and existing vehicles.** The LCFS was originally envisioned to decarbonize *fuels*, not vehicles, and should remain focused on that objective into the future. CARB is implementing a wide array of regulations on the vehicle side, requiring the transition to zero emission vehicles across a number of vehicle segments, and the LCFS arguably delivers few additional emissions reductions associated from those vehicle transitions beyond what CARB's other regulations will accomplish. Therefore, the greatest benefit of the LCFS will remain supporting decarbonizing liquid fuels and the existing vehicles that they fuel. If CARB does consider phasing out credits from some pathways, it should never do so for low-carbon liquid fuel pathways.

Finally, and accordingly, we are opposed to limits on purposely grown crops whose main purpose is to become low carbon biofuels, especially for ethanol, whose market is already capped by the ethanol blend wall. Projects like ours are serving to further reduce emissions associated with California's liquid fuel supply and creating thousands of jobs in a part of the state where they in dire need. The program already accounts for the impact of crop-based biofuels using indirect land use change values.

We appreciate your consideration of these recommendations and look forward to working with you on the next set of LCFS amendments to ensure the program remains a driver of innovation and emissions reductions in California. Please do not hesitate to contact us with any questions by emailing Camille Soriano at camille@casugarcane.com or calling 760-332-8454.

Sincerely,



David Rubenstein
President, CEO & Founder