June 24, 2022

Rajindor Sahota
Deputy Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Ms. Sahota:

We are writing to express support for the draft Scoping Plan, which lays the groundwork for California to continue leading on climate issues. Thank you for considering our views on this important issue.

Darling Ingredients is North America's largest purveyor of waste fats and oils and owns the nation's largest renewable diesel production facility through a joint venture agreement. Most of our products are made from used cooking oil (UCO) and animal fat byproducts that we collect throughout North America and further process into sustainable, domestically-sourced finished fuels such as renewable diesel. We have recycling and processing operations at several locations in the state[1]. According to CARB, our renewable diesel reduces greenhouse gasses (GHGs) by as much as 86%, particulate matter by 30%, NOx by 12%, and is sulfur and benzene free because it is produced from biological – rather than fossil – feedstocks. Renewable diesel is compatible up to 100% in all existing vehicles, equipment, and infrastructure and can be further processed into sustainable aviation fuel (SAF).

After reviewing the Draft Scoping Plan, we have several comments we wish to share.

Alternative 3

We appreciate staff's support for Alternative 3 because it represents an effective, diversified, and inclusive approach toward carbon and co-pollutant reductions. In particular, alternative 3 provides a pathway for liquid fuels that can be deployed immediately in hard-to-electrify sectors such as rail, aviation, and heavy-duty trucking. With supportive policy and a robust credit environment, we believe the success renewable diesel has achieved in recent years can be replicated by sustainable aviation fuel (SAF).

LCFS Target Reduction

We support increasing the 2030 carbon intensity (CI) benchmark from 20% to 30%. This recommendation is based on the continued robust growth that is expected within the alternative fuels sector as well as the price trend for LCFS credits, which continues to move downward even in the face of widespread inflation. In particular, this CI level would provide a more supportive credit climate for SAF adoption and feedstock development.

[1] Fresno, Los Angeles, San Diego, San Francisco, Santa Ana, and Turlock.

Companies like Darling continue to make substantial investments in technology based on an optimistic view of the long-term health and stability of LCFS credit prices. The LCFS has, by a considerable margin, exceeded any realistic expectations that were in place at the time the 2030 benchmark was set. We believe the 2030 value should be realigned to better match the current expectations for market supply as well as the state of technological development the LCFS has helped cultivate.

CARB Leadership

We urge staff and the board to continue embracing CARB's historical role as the global leader on low carbon fuel policy. While we are encouraged and optimistic about the future of low carbon programs in other jurisdictions, most of these are still in nascent stages of development. Strong CARB leadership is needed to ensure continuity of innovation.

For post-2030 CI benchmarks, we believe the target Oregon is considering (37% reduction by 2035) would be a productive starting point for consideration. This is an achievable but still ambitious target. After 2035, we would like to see continued increases in stringency along the lines of 3% annually. Providing a clear roadmap based on long-term ambition and stability is imperative for companies making major investments in low carbon technology.

Regulatory Timeline

We are grateful that CARB appears to be moving in a progressive direction with the LCFS. Beyond the ambition levels mentioned previously, we would like to see these LCFS amendments implemented as soon as possible. Doing so would increase certainty for investors in new and enhanced technologies while helping support a weakened credit environment.

Once again, thank you for considering our comments. If you should have any questions, please feel free to contact me at any time at shelby.neal@darlingii.com.

Sincerely,

Shelby Neal
VP - Renewables & Energy Policy