



June 24, 2022

Liane M. Randolph
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Low Carbon Fuels Coalition Comments on Draft 2022 Scoping Plan Update

Dear Chair Randolph,

Thank you for the opportunity to offer comments on the Draft 2022 Scoping Plan Update on behalf of the Low Carbon Fuels Coalition (LCFC) and the coalition members listed below. The Low Carbon Fuels Coalition is comprised of a diverse set of companies and stakeholders dedicated to decarbonizing the transportation fuels sector by developing and implementing the use of low carbon fuels. These liquid, gaseous and electric fuels are essential to enable our economy to continue to thrive as we decarbonize our transportation system. In addition to our work in California, the Low Carbon Fuels Coalition is the lead association working to establish tech-neutral and performance-based clean fuel standards in other states and at a federal level, as well as supporting clean fuel standard expansion internationally.

Exportability of California's Actions is Key

In our experience, it is evident that the key elements that make the LCFS attractive to other geographies are the ability for market-based clean fuel standards to create jobs, improve air quality by lessening reliance on fossil diesel and gasoline, accelerate technological innovation through key price signals, and develop new approaches to build a circular economy, all while reducing greenhouse gas emissions from some of the hardest to decarbonize sectors in the economy. It is this experience in exporting the LCFS to other regions that informs our comments today on the Draft 2022 Scoping Plan Update.

Setting a clear performance standard that the innovators and entrepreneurs of the low-carbon economy can focus on is of particular importance to bring about the technological breakthroughs in alternative fuels that we know we need now and into the future. By maintaining a portfolio approach that allows for market-based mechanisms to operate toward a clearly articulated target, California has created for itself a burgeoning market of alternative fuels that are setting the stage for advancements that can be adopted by other jurisdictions beyond the state line.

The Coalition agrees wholeheartedly that the LCFS "is the primary mechanism for transforming California's transportation fuel pool with low-carbon alternatives and has fostered a growing alternative fuel market" (p. 153). The importance of market signals that have driven large amounts of private investment in developing low carbon fuels cannot be overstated. Therefore, a primary focus of the scoping plan update relative to the LCFS should be to encourage the adoption of an ambitious performance standard and carbon intensity target that will accelerate the innovation that California needs to continue the transformation of the transportation fuel pool to cleaner burning, low carbon fuels.

Role of LCFS in Fuels Strategy within Transportation Sustainability

The LCFS agrees that the ‘Strategies for Achieving Success’ outlined on page 154 are essential for California to transition away from carbon-intensive fuels. The LCFS will continue to play a key role in the achievement of each of the following strategies:

Accelerate the reduction and replacement of fossil fuel production and consumption in California. Through the adoption of more ambitious carbon intensity targets within the LCFS, California will by default develop more volumes of low- and zero-carbon fuels to displace the use of carbon-intensive fuels in the transportation sector.

Incentivize private investment in new zero-carbon fuel production in California. The LCFS has already proven its value in driving private capital to develop alternative fuels for the California market and will continue to do so to the extent that strong market signals are derived from more ambitious carbon intensity targets. Note however, that Oregon’s clean fuel standard market value per ton has recently significantly surpassed California’s due to the speed at which Oregon is moving to strengthen its program.

Incentivize the transition of existing fuel production and distribution assets to support deployment of low- and zero-carbon fuels while protecting public health and the environment. As evidenced by the continued conversion of prior petroleum fuel refineries to biogenic fuel refineries throughout California, the transition to low- or zero-carbon fuels development and use within California is already being driven by the clear market signals issued by the LCFS.

Invest in the infrastructure to support reliable, low-carbon transportation refueling. Infrastructure is an important piece of the low-carbon transportation fueling network of tomorrow and continued investment is needed to ensure the state will meet its long-term climate goals. Price signals under the LCFS have been an effective means of attracting infrastructure investment and strengthening these signals will increase investment going forward.

Monitor for and ensure that raw materials used to produce low-carbon fuels or technologies do not result in unintended consequences. The lifecycle analysis approach adopted in the LCFS regulation is a key factor in ensuring that the policy maintains the highest degree of environmental integrity. As one of the key programs in California to adopt lifecycle analysis of GHG emissions associated with technologies or fuels, the LCFS has in many ways become the best model to achieving a ‘circular economy’ wherein waste and residues can be transformed into biogenic fuels that displace carbon-intensive fuels when used for transportation purposes.

Options to Increase Stringency and Scope of the LCFS

As we have stressed before, the effectiveness of the LCFS is largely predicated on the strength of the market signals it sends to drive the development and use of low- and zero-carbon fuels in the California market. To date, the LCFS has been successful in achieving or surpassing the targets set out by the Air Resources Board. Due to the rapid expansion of supply and announced future supply along with other factors, the value of LCFS credits has dropped by 50% over the past twelve months.

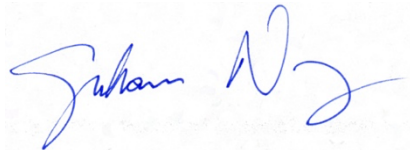
As a Coalition made up of a diverse cross-section of clean fuel developers and implementers, we know that more ambition in the carbon intensity targets is necessary to quicken the pace of alternative fuels development and adoption. Initiating workshops and a rulemaking to update the LCFS carbon intensity

targets, both pre-2030 and post-2030 so that targets align with California's long-term climate goals, should be a top priority for the Air Resources board in the immediate future.

Given that the LCFC is comprised of a wide variety of alternative fuel developers, this comment letter will not delve into any of the more specific aspects of certain fuels and technologies, but instead focus on the key program components that make the LCFS a great tool for California: a technology neutral market-based mechanism driven by clearly articulated performance standards. Therefore, the Board should expect additional comment letters from many of the entities listed below that will provide separate insight on sector-specific issues.

The Low Carbon Fuels Coalition is very thankful of the staff work that contributed to this exhaustively researched and workshopped Draft 2022 Scoping Plan Update. We know that the work ahead is not going to be easy, but the Coalition stands ready to be of assistance as we continue to build an economy driven increasingly by low- and zero-carbon fuels.

Sincerely,

A handwritten signature in blue ink, appearing to read "Graham Noyes", is written over a faint, light blue rectangular background.

Graham Noyes
Executive Director
Low Carbon Fuels Coalition