



September 19, 2022

Via E-mail/Facsimile

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

Dear Dr. Laskowski:

Re: August 18 LCFS Workshop

Chevron appreciates the opportunity to review and comment on the subject Low Carbon Fuel Standard workshop.

Chevron is a major refiner and marketer of petroleum products and renewable fuels in the state of California and a regulated party under the Low Carbon Fuel Standard (LCFS). With the recent acquisition of Renewable Energy Group, Inc., Chevron is also an international producer of lower carbon intensity fuels with a global integrated procurement, distribution and logistics network and 11 biorefineries in the U.S. and Europe. In 2021, Chevron Renewable Energy Group produced 480 million gallons of renewable fuels, resulting in 4.1 million metric tons of CO₂ reduction, and is helping lead the energy transition to a lower carbon future.

Following are our comments on the topics discussed during the August 18 workshop.

Credit True-Up for Temporary Pathways

Chevron strongly supports the proposal to incorporate credit true-ups into the LCFS program. The complexity of the pathway application process and the timing of the review, particularly for innovative Tier 2 pathways result in extended operation under a conservatively-high temporary pathway carbon intensity (CI). The extended use of a high CI value adds a layer of uncertainty to the project and reduces the economic incentives received by the renewable fuel producer. These complications are hampering the growth



Chevron Global Downstream LLC
6001 Bollinger Canyon Rd, San Ramon, CA 94583

of alternative fuels and the achievement of the state's greenhouse gas reduction goals. A credit true-up that ensures that producers receive the full credit value of their certified pathway is a simple, effective solution to this issue.

As they are added to the regulation, it is critical that these true-ups are automatically applied and that credit is awarded back to the first use of the temporary pathway. This approach ensures that pathway applicants are treated equitably and rewarded for the GHG reduction achieved by their products.

We also support the suggestion made during the public comment period to award incremental credits based on annual fuel pathway verification. If a producer achieves a lower operational CI during the compliance period, they should be rewarded for that. This will incentivize continuous improvement in GHG reduction while avoiding the need to frequently reapply for pathways.

As these reforms to the pathway approval process are considered, we encourage CARB to look beyond the traditional process and consider potential ways to empower outside firms to conduct a significant portion of the application review. Similar to the verification and validation processes, this would relieve much of the pressure on staff and accelerate the process. It will also establish a model that is more exportable to other jurisdictions with smaller staff.

Simplified CI Calculator for Hydrogen

Chevron supports the creation of a simplified CI calculator for hydrogen as another element of streamlining the pathway approval process. There is an opportunity here to establish a calculator that can accommodate a variety of hydrogen pathways and processes to maximize flexibility. We would like to use the calculator to understand the potential of technologies that may not have achieved commercial-readiness level. Therefore, we recommend that the new Tier 1 calculator provides flexibility to incorporate these alternatives. We are committed to partnering with CARB staff to contribute to this effort, given our long experience in the production and use of hydrogen.

Verification Updates

We are pleased to hear that CARB is considering updates to the verification regulations now that we have two years' experience with these provisions.



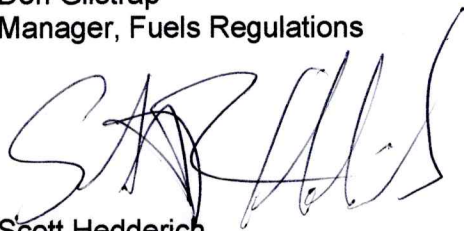
We encourage CARB to hold at least one dedicated workshop on verification, both to discuss proposed additions and to solicit feedback from stakeholders on the experience during these first years. There are significant opportunities for clarification and streamlining of the existing provisions. Both regulated parties and verifiers are best positioned to provide valuable input to CARB here.

Thank you for the opportunity to comment on these matters. If you have any questions regarding our comments, please contact me at (925) 842-8903 or DGilstrap@chevron.com.

Sincerely,



Don Gilstrap
Manager, Fuels Regulations



Scott Hedderich
Executive Director, Chevron Renewable Energy Group

