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November 4, 2020

Richard Corey, Executive Officer  
Rajinder Sahota, Industrial Strategies Division Chief  
Arpit Soni, Manager, Alternative Fuels Section

Air Resources Board  
1001 I Street  
Sacramento, CA 95812

## **Comment on Low Carbon Fuel Standard Public Workshop to Discuss Potential Regulation Revisions**

Dear Mr. Corey, Ms. Sahota, and Mr. Soni:

Thank you for the opportunity to comment on the potential revisions to the LCFS regulation discussed in the public workshop on October 14-15, 2020. Crimson Renewable Energy ("Crimson") 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. Crimson along with other biomass-based producers continue to play a key role in LCFS, generating approximately 45% of all carbon reduction under LCFS in the last two years and 41% since 2011.

We'd like to first take this opportunity to thank ARB senior leadership and staff for their hard work on this critical program, and also thank them for their consistent engagement with us and other stakeholders across the full spectrum of the renewable and petroleum fuels over the past many years as the LCFS program has continued to evolve. We greatly appreciate CARB's efforts to correct errors, address concerns, and reflect learnings gained since the 2018 LCFS rulemaking. We also continue to be supportive of CARB's intention to create post-2030 carbon reduction targets in the transportation fuels sector to help achieve California's stated climate reduction goal for 2030 and beyond.

More specifically, we have provided comments below regarding the possible credit true-up for temporary pathway carbon intensities (CI), updates to CI calculation models and bifurcating "clean-up" tasks from the Post-2030 target setting effort.

### **Extend Temporary Pathway Credit True-Up to Cover 2021**

Temporary carbon intensities are by design conservative, and as stated in the presentation, typically higher than the actual CI of the fuel produced. Due to the LCFS regulation, there is no retroactive credit generation allowed if the fuel pathway is proven to be of a lower CI than the temporary CI.

We support staff's consideration of allowing pathway holders to request a true-up of credits using the certified CI for a pathway for transactions reported using the temporary CI. This would allow pathway holders to generate credits based on actual operational CIs and realize the financial benefit of these credits.



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We request this retroactive credit generation extend back to at least January 2021 to incentivize credit-generating opportunities for the LCFS program that are underway today. Currently the change would not apply until the ARB Board approves the proposed changes, which is currently estimated to be 2023 or later.

By not including activities underway today, CARB would be allowing these real and verifiable credits to be lost and unable to contribute to the goal of the Low Carbon Fuel Standard.

### **CI Model Updates**

Crimson supports comments submitted by the National Biodiesel Board (“NBB”) and California Advanced Biofuels Alliance (“CABA”) regarding updates to the ILUC databases and the underlying datasets for GTAP-BIO and AEZ-EF; as well as enacting changes to the corrections, errors and adjustments identified in NBB’s comment.

We join these industry stakeholder groups in asking that CARB update the animal fat pathway model to reflect the current literature, which corrected a 96.2% overestimation of energy consumption currently reflected in CARB models. CARB should also correct corn oil extraction emission double-counting. The current pathway within the tier 1 BD-RD calculator charges corn oil with a 2.81 g CO<sub>2</sub>e/MJ debit associated with extraction energy at the ethanol plant. These emissions are improperly double counted as the ethanol plant is already charged for the energy consumption associated with corn oil extraction.

### **Bifurcate Clean-Up from Post-2030 Target Setting**

All changes that enable credits to be generated and not lost during the rulemaking period should be prioritized. This includes both the true-up of credits for volumes reported under temporary pathways and the clean-up of CI models to enable fuels to generate the proper number of credits based on updated understandings from research since the original development of the models.

CARB staff requested stakeholder input on including post-2030 LCFS carbon reduction target-setting into the current rulemaking that is supposed to address cleanup and corrections. Bifurcation of these efforts would allow staff to quickly pursue the cleanup and corrections efforts that can most quickly have a positive impact on LCFS goals while leaving post-2030 carbon reduction goals to a separate rulemaking, especially since this is a rather more involved subject that will no doubt inspire some spirited discussion and significant stakeholder input. Hence, we request that the cleanup and corrections efforts be kept separate from the process to establish post-2030 LCFS carbon reduction goals.

Sincerely,

A handwritten signature in black ink that reads "Harry Simpson".

Harry Simpson  
President and CEO

