



Deepak Garg
VP Fuels Regulatory Planning & HSE Assurance

May 31, 2022

(Submitted via the ISOR Comment Submittal Form and by email to cleancars@arb.ca.gov)

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

Re: Comments on Advanced Clean Cars II Regulation Initial Statement of Reasons

Dear Chair Randolph:

The Valero family of companies (representing operating subsidiaries of Valero Energy Corporation – collectively “Valero”) plays a significant role in the California fuel market. In addition to operating two petroleum refineries, Valero is one of the largest, if not the largest, producers of low carbon renewable fuels supplied into California. Using existing infrastructure, our renewable fuels are being used today by the current vehicle fleet to generate the lion’s share of the actual GHG emission reductions that have been achieved from the California transportation sector under the California Low Carbon Fuel Standard. Currently, there are efforts underway to produce greater volumes of renewable fuels and to further reduce the carbon intensity of these fuels. With innovation in feedstocks and production processes and carbon capture opportunities, Valero’s low-carbon liquid fuels have outperformed, and have the continuing potential to outperform, the mandated technology choice of CARB in its ACC II proposal, on a full life-cycle carbon intensity basis as well as on a cost basis.

Valero encourages the California Air Resources Board (CARB) to reevaluate its current approach to the ACC II Program. The proposed ACC II rule seems to have been outcome determinative, designed to meet the Governor’s stated goal to electrify the transportation sector. This political goal appears to have foreclosed meaningful consideration of any low carbon option other than electrification – even if such options would achieve the same or better full life-cycle reduction, achieve reductions earlier, achieve reductions at lower cost, and achieve reductions with greater energy security. In addition to being legally impermissible under both State and Federal law, as detailed in these comments, the draft ACC II rule would forego meaningful near-term and longer emission reductions opportunities with low-carbon fuels and would have potentially severe consequences to the welfare of Californians and California businesses.

Valero offers these comments on the ACC II Program and associated ISOR to aid CARB in identifying critical gaps in legally mandated analyses that, if addressed, likely would result in a program markedly different than proposed, one which would establish the emission reduction standards to be met and challenge industry to compete to develop the most efficient and effective approaches to satisfy them. We respectfully suggest that CARB pause the current rulemaking effort to conduct the analyses recommended in these and

other comments. In the meantime, this would provide an opportunity to address some of the policy issues presented in ACC II in the context of the pending Scoping Plan update.

Valero appreciates the Board's consideration of the following comments, and we would welcome the opportunity to engage with CARB on the ACC II Program.

Respectfully yours,



Deepak Garg
VP Fuels Regulatory Planning & HSE Assurance

encl