



April 23, 2018

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments of the California Airports Council on the Proposed Amendments to the Low Carbon Fuel Standard Regulation

Cc: Richard Corey, Executive Officer

Dear Chair Nichols:

The California Airports Council (CAC) appreciates the opportunity to provide our support for the inclusion of alternative jet fuel (“AJF”) on an opt-in basis through the proposed amendments to the Low Carbon Fuel Standard (“LCFS”) regulations currently under consideration by the California Air Resources Board (“ARB”). This market-based incentive program being considered by the Board will further expand California’s rich history in facilitating the production and use of low carbon fuels to a new sector that is well positioned and eager to lead: commercial aviation. Our Airports’ recognize cost-competitive AJF as a high value opportunity that can help elevate our competitiveness in a global market, hedge against business risk from forecasted fuel supply scarcity, and also enable a healthier local environment for our workforce. We also recognize how critical the LCFS is to draw AJF to California to enable our Airports to attain these benefits, as AJF is currently produced in very limited supply and is only being purchased where it is cost-competitive with conventional jet fuel and due to sponsoring jurisdictions’ regulatory incentive programs.

The CAC represents the 31 commercial service airports in the state, which provide services to over 200 million passengers annually, accounting for over 12% of all U.S. passenger enplanements. Eleven of California’s commercial service airports ranked in the top 100 busiest airports in the nation in 2016, while serving as the nation’s gateway to the Pacific Rim. The CAC is governed by Airport Directors and represents the views of California airports before federal, state and local government policymakers and regulators in matters of importance to airport operations, financing and security. We see ARB’s proposed LCFS amendments, which include AJF, as related to all three.

AJF represents a way to mitigate a significant business risk for our industry, which anticipates immense market growth in the coming years, with no added growth of energy supply and no/limited pipeline access expansion forecasted. This security of a diversified, and cleaner, supply will not only mitigate these stated risks but allow for airport economic development and resultant social and environmental gains. However, current AJF supply is incredibly limited, with total global production less than 20 Million gallons/year. For reference, San Francisco International Airport alone consumes nearly 1 Billion gallons of jet fuel each year. Without an incentive for producers to supply the California market, competitor foreign destinations (*likely European Airports*) will attract all available AJF supply through airlines interested in accessing regulatory financial incentives and avoiding

related environmental taxes and fees. The remedy is simple: ARB's inclusion of AJF in the LCFS will draw production to California, increasing supply and allowing this emergent, and environmentally beneficial, market to form here, supply to increase, and AJF fuel prices to decrease over time.

California Airports are already well versed in the language and use cases for alternative fuels, as consumers of renewable diesel and CNG to reduce the impacts of our ground fleet, including our ground support equipment and airport access vehicles, and are eager to support our Airlines and ARB in pushing these gains into our skies. Due to this existing demand, we have adjacency with facilities that are currently supplying our Airports' with alternative ground transportation fuels, who have also expressed interest in an incentive that could expand their production to also supply AJF. We've pushed for these alternative fuels because we care about the health of our workers and the air quality of our region, noting that many of our Airports exist within "non-attainment" areas for PM 2.5 and ozone. As you are aware, SAF represents an ultra-low sulfur fuel that can help power jet engines that reduce particulate emissions in their exhaust as much as 50-70 percent, confirmed by a recent NASA study and also as cited by ARB in the Staff Report: Initial Statement of Reasons (at p. V-18). SAF also maximizes the benefits, and LCFS would reduce the related costs, of greenhouse gas reduction as many of our Airports look towards Airport Carbon Accreditation, thereby allowing our Airports to more fully contribute to the State's AB32 Targets and our Airlines' own carbon neutral growth targets established through the International Civil Aviation Organization (ICAO).

Again, we thank ARB for its continued consideration and background efforts to move the inclusion of alternative jet fuel under the LCFS, which will allow for a compelling economic case for AJF in California. Several of our member Airports participated in the Alternative Jet Fuel Workshop of March 17, 2017 and continue to monitor ARB's progress to open this AJF market for our Airports, who seek the environmental and social benefits that will result from the use of these ultra-low carbon fuels in our facilities. We urge you to adopt the proposed amendments to the LCFS that include AJF as an opt-in fuel starting January 1st, 2019. The CAC and our member Airports will work to build interest and awareness of ARB's development of this program across our key stakeholders.

Sincerely,



Kevin Bumen
President
California Airports Council