



February 19, 2024

Chair Lianne Randolph
California Air Resources Board ("CARB")
1001 I Street
Sacramento, CA 95814
Via Online Submission

Re: Comment on proposed LCFS Amendment

Dear Chair Randolph and CARB LCFS staff,

Weaver and Tidwell, L.L.P. ("Weaver") appreciates the opportunity to comment on the proposed amendment to the LCFS, as set forth in the ISOR dated December 19, 2023, and appended documents, including Appendix E: Purpose and Rationale for Low Carbon Fuel Standards Amendments (updated January 2, 2024), hereafter referred to as the "Proposed Amendment".

Originally founded in 1950, Weaver is a full-service public accounting firm offering assurance, tax and advisory services. The firm has six offices in California, seven in Texas, as well as offices in Washington, D.C., New York, Oregon, Louisiana, Oklahoma, and virtually. With more than 1,700 employees, Weaver is ranked among the top 35 public accounting firms in the U.S. by Inside Public Accounting.

Weaver's Energy Compliance Services ("ECS") group is dedicated to helping businesses navigate compliance with evolving regulations. Transportation fuels regulations governed by CARB, the U.S. EPA, Environment and Climate Change Canada, and other governing agencies are a substantial focus of the practice. We help companies of all sizes understand their regulatory requirements and maintain compliance. We have over 120 professionals within the ECS practice that have a wide variety of backgrounds, including accounting, business, chemistry, engineering and law.

Weaver is an LCFS verification body accredited by CARB and has two dozen accredited lead verifiers on staff. In addition to consulting and validation/verification services under the LCFS, we provide advisory services to many clients in connection with the U.S. Renewable Fuel Standard and to the fuels sector in general. For example, we assist many clients with EPA attest engagement services in the U.S. with over 200 clients served annually in this capacity. We are one of the select few firms approved by EPA to provide Quality Assurance Plan ("QAP") services, and we assist many clients with registration and engineering reviews. Weaver completes EPA-approved QAP procedures for over 150 renewable fuel facilities on a quarterly basis.

Weaver also maintains a related advisory practice focusing on the fuel sector, which provides consulting, reporting and EPA Moderated Transaction System (EMTS) assistance, and due diligence and compliance audit services to a broad-based array of clients, including major oil companies, independent refiners, biofuel and biogas producers, and product marketers, distributors, and importers.

Given our experience as an accounting firm and our in-depth knowledge of the LCFS, as well as our extensive experience in performing attest and QAP engagements, Weaver is well-qualified to provide comment on the validation and verification provisions of the LCFS.

Specifically, we comment here on the verification body/verifier rotation requirements set forth in §95500 (g) entitled “*Verification Body and Individual Verifier Rotation Requirements*”. Subsection (g) currently requires a fuel pathway applicant to use a different verification body and individual verifier(s) to perform validation and verification services after six consecutive years of such services. However, our clients and other market participants have expressed to us that this provision is highly disruptive and expensive. We therefore recommend that, instead of requiring a change of verification body and individual verifiers after six years, CARB amend 95500 (g) as follows:

“(g) **Lead Verifier and Independent Reviewer Rotation Requirements.** An entity that is required to contract for validation or verification must not use the same **lead verifier or independent reviewer** to perform validation and verification services under this subarticle for a period of more than six consecutive years. [Emphasis added.]

The six-year period **for such lead verifier or independent reviewer begins on the execution date of the Notice of Verification Services for validation or verification services for the entity required to contract for such services under this subarticle and ends on the date the final verification statement for such entity is submitted for such validation or verification.** The six-year limit does not reset upon a change in ownership or operational control of the entity required to contract for validation or verification services. [Emphasis added.]

The entity may re-engage **a previous lead verifier or independent reviewer** only after three years, except in the case of a set-aside of a validation or verification statement as specified in [section 95501](#). An entity required to contract for validation or verification services must, in time for the next verification, replace a verification body that has a suspended or revoked Executive Order pursuant to MRR section 95132(d), and included by reference in [section 95502\(a\)](#).” [Emphasis added.]

In support of our position, we refer to the rotation requirements for auditors contained in Chapter 11, Securities and Exchange Commission (SEC), § 210.2-01, Qualifications of accountants, of Title 17 of the U.S. Code of Federal Regulations (CFR), Commodities and Securities Exchanges. The mission of the SEC is three-fold: protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation. The first two are analogous to the purpose of the LCFS validation and verification requirements.

Like LCFS validations and verifications, SEC audits are typically accomplished by a team whereby you have a lead partner, Engagement Quality Reviewer, and team of accountants. Please note that “Section 210.2-01 is designed to ensure that auditors are qualified and independent of their audit clients both in fact and in appearance”. While everyone in an accounting firm is required to be independent of SEC audit clients, lead partners are required to rotate off a client’s auditing team after five years, not the entire firm. A “lead partner” for purposes of § 210.2-01 is defined as the “lead or coordinating audit partner having primary responsibility for the audit or review”, and therefore occupies a role analogous to a LCFS lead verifier. This same five year rotation requirement applies to the Engagement Quality Reviewer, with this role being similar to that of an independent reviewer under the LCFS validation and verification requirements.

It is essential to the functioning of the U.S. system of capitalism that auditors are independent and are perceived to be independent. Therefore, if CARB were to adopt a rotation requirement analogous to the SEC’s in its LCFS validation and verification provisions, it can be confident that verification bodies and individual verifiers will similarly be independent and be perceived to be independent in exercising their roles in the verification process.

Weaver appreciates this opportunity to comment on the proposed amendment to the LCFS. If you should have any questions, please feel free to contact Wade Watson at wade.watson@weaver.com or (832) 320-3262.

Weaver and Tidwell, L.L.P.

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