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February 20, 2024

Ms. Rajinder Sahota
Deputy Executive Officer – Climate Change and Research
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted electronically through CARB Portal

**RE: Comments of Diamond Green Diesel, LLC on 2024 Proposed Low Carbon Fuel Standard Amendments**

Dear Ms. Sahota:

Diamond Green Diesel, LLC ("DGD"), a joint venture between subsidiaries of Darling Ingredients Inc. and Valero Energy Corporation, submits these comments regarding the 2024 proposed Low Carbon Fuel Standard ("LCFS") amendments. DGD is a leading producer of renewable diesel in the United States, with a total production capacity of approximately 1.2 billion gallons annually. We are also well underway on a project to upgrade approximately half of the new Port Arthur facility's production capacity to produce sustainable aviation fuel ("SAF"). Upon commissioning of this project, currently planned for early 2025, we are poised to become one of the largest SAF producers in the world.

As one of the nation's leading producers of renewable diesel and as a trailblazer in SAF production, we are proud to have played a leading role in helping California achieve the LCFS goal of reducing the carbon intensity of the transportation fuel pool. Our growth owes much to the strong market signals created by the LCFS, and we look forward to helping CARB continue to improve the program so that it can remain the premiere market-based regulatory program supporting innovation in low-carbon fuels. With that goal in mind, we offer the following comments.

**Feedstock Considerations**

DGD appreciates that CARB does not propose to implement a cap on biofuels made form crop-based feedstocks, because doing so would have been impractical to implement, could have created market uncertainty, and may have led to legal challenges. However, DGD has some concerns regarding the proposed specified source feedstock attestation letter requirement because they will increase the annual verification burden for pathway holders without any associated "value add" to the program. If it is the intent of the provision that upstream suppliers be held accountable through the pathway holder, then it is duplicative of the currently effective provisions requiring chain of custody documentation. CARB should consider an approach consistent with the International Sustainability and Carbon Certification ("ISCC") requirements.[1]

[1] International Sustainability and Carbon Certification, *ISCC EU 201 System Basics*, at pp. 25-28, available at: https://www.iscc-system.org/wp-content/uploads/2024/01/ISCC_EU_201_System_Basics_4.1_January2024.pdf ("The collecting point is the first element that must be individually certified. Points of origin can be covered under the certificate of the collecting point but may also receive an individual or group certification.")

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Likewise, DGD requests that CARB provide greater clarity on the definition of "crop-based" and "forestry-based" biofuels. Currently, it is unclear which feedstocks Subsection 94588.9(g)(1) would apply to. DGD reiterates its previous comment that distiller's corn oil ("DCO") used to make renewable diesel is inedible and not fit for human consumption.[2] Additionally, it is produced as a byproduct of the ethanol production process. Because corn is not grown to provide DCO, it should not be considered a "crop-based" biofuel, subject to additional sustainability requirements that are ostensibly designed to inhibit land-use change.

To address these issues, DGD suggests that CARB schedule workshops with the affected parties for any sustainability requirements, as was previously done with the CI stringency and AAM provisions. There are numerous international approaches to supply chain declarations that CARB can study and more seamlessly implement, with appropriate stakeholder feedback. At a minimum, CARB should reconsider the length of time allowed for verification and/or allow for less intensive verifications, as has been done with fuel reporting entities reporting only electricity transactions. The recent announcement to postpone the Board's consideration of the rule may provide an opportunity to further develop this issue.

**Feedstock Emission Factors**

***a. Feedstock Emission Factor for Tallow Rendering***

The emission factor for tallow rendering used in the draft HEFA Tier 1 calculator is almost 2.5x the value in Argonne's GREET 2022 model (286 gCO2e/lb oil vs 119 gCO2e/lb oil). The draft HEFA Tier 1 calculator and CA-GREET 4.0 appear to use the same values for energy consumption in the tallow rendering process as CA-GREET 3.0, which was based on GREET 2016. Since the publication of GREET 2016, Argonne has updated their tallow rendering data and emission factors multiple times based on updated industry data. CARB should update the tallow rendering values in CA-GREET 4.0 to reflect the most current Argonne GREET 2022 model, to ensure consistency with the other feedstocks and processes that CARB has updated in CA-GREET 4.0.

***b. Feedstock Emission Factor for UCO Rendering***

Similarly, CA-GREET 4.0 uses a UCO rendering emission factor of 87 gCO2e/lb oil, compared to Argonne GREET 2022's UCO rendering emission factor of 81 gCO2e g/lb. CARB should update CA-GREET 4.0 consistently with GREET 2022 to reflect current industry practices for all feedstock and fuel production processes, regardless of technology.

**Increasing Stringency of Annual Carbon Intensity Benchmarks**

In light of CARB's recent announcement that the Board hearing on the proposed amendments will be postponed pending staff's reconsideration of the proposed carbon intensity benchmarks, DGD will reserve specific comments regarding the stepdown and AAM at this time and will look forward to participating in the workshops planned for mid-April. DGD agrees in principle with the near-term step down in order to send a clear message that CARB is committed to using the LCFS to promote transportation decarbonization and to help stabilize the unprecedentedly high credit bank.

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[2] Comments of Diamond Green Diesel LLC on February 2023 CARB LCFS Revisions Workshop, March 13, 2023.

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Additionally, we note that the proposal to extend the program for ZEV infrastructure credits to medium- and heavy-duty ZEVs could potentially work counter to the proposed increased stringency of the targets. Because vehicle manufacturers and fleet owners face regulatory mandates to transition the medium- and heavy-duty vehicle fleets to ZEV technology, incentives already exist for affected parties to provide for infrastructure to support these technologies. Providing additional incentives in the form of LCFS credits may lead to credit price dilution, thus further weakening the credit market and reducing incentives for development of all low-carbon transportation fuels. It is not clear that CARB has modeled both of these phenomena in conjunction, and staff may not have a clear indication of how the market will emerge and continue to drive innovation and investment in low-carbon transportation fuels.

We greatly appreciate your consideration of our comments. If you have any questions or would like to discuss any of the points discussed in this letter, please do not hesitate to contact us.

Sincerely,

Sandra Dudley
Chairman and President