



VIA E-EMAIL

February 20, 2024

The Honorable Liane Randolph  
Chair, California Air Resources Board  
1001 I St, Sacramento, CA 95814  
Sacramento, California 95814

**Re: Low Carbon Fuel Standard**

Dear Chair Randolph,

As Senior Vice President of Legal and Government Affairs of the Hexagon Group (“Hexagon”), I am writing to express support for the key proposed amendments to the Low Carbon Fuel Standard (LCFS) and urge the adoption of two additional amendments that will allow the state of California to achieve climate and clean air goals more effectively. We would like to further provide our support for the letters provided by Natural Gas Vehicles for America (NGVA) and California Renewable Transportation Alliance (CRTA). As we respect your time, we will not repeat those arguments here, but incorporate those arguments by reference.

Hexagon is a global leader in clean energy systems and solutions. Hexagon enables the storage and conversion to clean energy in a wide range of mobility, industrial and consumer applications. Further, Hexagon Purus, a business area of Hexagon, is a world leading provider of complete vehicle systems and battery packs for hydrogen fuel cell electric and battery electric vehicles including hybrid mobility applications on light, medium and heavy-duty vehicles, transit buses, ground storage, distribution, maritime, rail, and aerospace. Most importantly, as an alternative fuel company, we are focused across all divisions on displacing diesel and gasoline in transportation and bringing, “clean air everywhere.” We do this by leveraging all available alternative fuels, including propane and natural gas, electric and hydrogen. Notably, we have been instrumental in the transportation-related emissions reductions of Amazon, UPS, Waste Management, and many other fleets.

We believe the LCFS is well positioned to encourage billions of dollars of investment into the transportation sector of California but must remain fuel-neutral and supportive of all technologies to do so. Currently, there is a strong bias for zero tailpipe emission vehicles, which is not conducive to carbon reduction of the highest polluting sectors of transportation. Among other reasons, this is because the heavy-duty sector requires internal combustion engines to continue to move volumes of goods cost efficiently in the near term. There is not a sufficient infrastructure in place now or within the next five years to meet the electricity or hydrogen fueling demands of the heavy-duty market<sup>1</sup>. Therefore, we have the following recommendations.

**1. Increase stringency of carbon intensity (CI) targets for heavy-duty (HD) vehicles.**

Increasing CI stringency for heavy duty vehicles will result in the accelerated adoption of CNG engines by fleets currently using diesel engines. Diesel power not only perpetuates the use of higher CI scored fuels, but they are responsible for driving demand for biodiesel which is overproduced and harms LCFS credit prices<sup>2</sup>. If CARB can drive more bio based RNG (landfill and

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<sup>1</sup> [Electric Vehicle Charging Infrastructure Assessment - AB 2127 \(ca.gov\)](#)

<sup>2</sup> [A Cap on Vegetable Oil-Based Fuels Will Stabilize and Strengthen California's Low Carbon Fuel Standard - Union of Concerned Scientists \(ucsusa.org\)](#)



dairy/swine) to displace fossil CNG, the CI of California will continue to drop as fugitive methane becomes more valuable to collect and use. Furthermore, this increased reduction will pave the way for hydrogen and electric infrastructure to catch up to the demands of future zero emission vehicles.

## **2. Cap lipids-based biodiesel production volumes.**

Biodiesel and renewable diesel incentives have been an overwhelming success for the LCFS program. Unfortunately, there are situations when too much of a good thing can be bad. The overproduction of biodiesel can easily be viewed as one example.

*"Over the last decade, BBD fuels have grown from 0.4% of California's diesel blend in 2011 to 32% in 2021 and this growth is poised to accelerate in coming years. Vegetable oil, waste oil, and animal fats are lipid compounds that can be readily converted to BBD. Although BBD can also be produced from cellulosic*

*feedstocks such as agricultural and forestry residues, lipid-based feedstocks are the primary materials used to produce fuel for the state's BBD market. These feedstocks will be increasingly drawn from the rest of the United States and the world to meet growing demand. Increased consumption of lipid-based biofuels raises food prices, sustainability issues, and fraud concerns and could undermine the efficacy of the LCFS<sup>3</sup>."*

Currently, LCFS credit prices are almost 1/3 of what they were only 3 years ago. This rapid decline not only instills fear in investors, but also undermines future adoption of LCFS standards by other states like New Mexico, who recently adopted an LCFS program but has not yet put it into practice.

## **Conclusion**

There is no more effective and immediate step we can be taking to address climate change now than to aggressively and rapidly reverse emissions of fugitive methane from all sectors, including society's organic waste streams through renewable natural gas (RNG) projects. For all other avenues within the LCFS, there should be a tiered value structure for different volumes of positive CI fuels entering California. Limiting credit values of different production methodologies allows CARB to push for the most efficient CI scored production methodologies and get the most value out of the marketplace. The LCFS must remain fuel-neutral, driven by CARB's science-based analysis, capable of incentivizing real-world investment, and focused on performance-based GHG outcomes. Remaining true to these core concepts will ensure California leads the world in rapid transportation sector decarbonization.

We thank CARB for the chance to comment and appreciate your commitment to keeping California's air clean.

A handwritten signature in blue ink that reads "Ashley Remillard".

Ashley Remillard  
SVP Legal and Government Affairs

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<sup>3</sup> [Setting a lipids fuel cap under the California Low Carbon Fuel Standard \(theicct.org\)](https://theicct.org)