



August 8, 2022

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

**RE: Low Carbon Fuels Coalition Comments on LCFS Workshop**

Dear Chair Randolph,

The Low Carbon Fuels Coalition (LCFC) appreciates the opportunity to offer comments on the LCFS Workshop on July 7, 2022. The LCFC is comprised of a diverse set of companies and stakeholders dedicated to decarbonizing the transportation fuels sector by developing and implementing the use of low carbon fuels. These liquid, gaseous and electric fuels are essential to enable our economy to continue to thrive as we decarbonize our transportation system. In addition to our work in California, the LCFC is the lead association working to establish tech-neutral and performance-based clean fuel standards in other states and at a federal level, as well as supporting clean fuel standard expansion internationally.

**Increasing stringency**

As the LCFC has stressed before, the effectiveness of the LCFS is largely predicated on the strength of the market signals it sends to drive the development and use of low- and zero-carbon fuels in the California market. To date, the LCFS has been successful in achieving or surpassing the targets set out by the Air Resources Board. Due to the rapid expansion of supply and announced future supply along with other factors, the value of LCFS credits has dropped by 50% over the past twelve months. As a Coalition made up of a diverse cross-section of clean fuel developers and implementers, we know that more ambition in the carbon intensity targets is necessary to quicken the pace of alternative fuels development and adoption. Accelerating workshops and a rulemaking to update the LCFS carbon intensity targets, both pre-2030 and post-2030 so that targets align with California's long-term climate goals, should be a top priority for the Air Resources board in the immediate future.

**Proposed technology sunset**

As a technology-neutral trade association, the LCFC continues to support a technology-neutral approach to ensure that the LCFS program maintains sufficient incentive to motivate ongoing clean fuels investments from the private sector. The LCFC encourages ARB to carefully consider any proposals to sunset individual technologies, including the full implications for private investments. Market certainty is a significant factor in investment decisions. Signals of uncertainty such as calling into question whether other technologies may be subject to future sunsets can inhibit the investments that drive innovation and ultimately ensure continued effectiveness of the LCFS program. In particular, investors may impose a conservative "LCFS Credit Sunset" into the financial model for a facility or capital expenditure that has a long-term return on investment (ROI). This would change the financial model and could preclude the investment.

At the same time, the LCFC recognizes that CARB is doing its best to forecast supply and demand for LCFS credits in a dynamic market. The LCFC and its individual members will be directly engaging with CARB on this and other issues to support CARB's efforts to develop an optimal LCFS program.

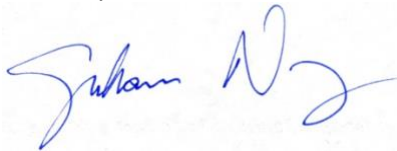
**Proposed cap on crop-based biofuels**

The LCFC would also like to emphasize the importance of developing the LCFS program based on established scientific determinations, the best possible models, and regulatory outcomes. This approach is properly designed to yield the most cost-effective carbon intensity reductions for all modes of transportation, and contrasts with designating fuel or feedstock categorization approaches that pick winners and losers. From a science-based, technology-neutral perspective, the LCFC has concerns when specific fuels are subjected to artificial limits such as a proposed cap on crop-based biofuels. The LCFC believes that, rather than capping the market volumes of specific fuel pathways, the LCFS program should instead fully account for the full lifecycle carbon intensity of biofuels. In addition to land use change, lifecycle assessments should incorporate counting of carbon for climate smart agriculture and thereby incentivize this crucial practice.

Given that the LCFC is comprised of a wide variety of alternative fuel developers, this comment letter will not delve into any of the more specific aspects of certain fuels and technologies, but instead focus on the key program components that make the LCFS a great tool for California: a technology neutral market-based mechanism driven by clearly articulated performance standards. Therefore, the Board should expect additional comment letters from members of the LCFC that will provide separate insight on industry or sector-specific issues.

The Low Carbon Fuels Coalition is thankful of the staff work required to carry out the LCFS program. We know that the work ahead is not going to be easy, but the Coalition stands ready to be of assistance as we continue to build an economy driven increasingly by low- and zero-carbon fuels.

Sincerely,



Graham Noyes  
Executive Director  
Low Carbon Fuels Coalition