February 20, 2024

California Air Resources Board
P.O. 2815
Sacramento, CA 95812
Email: arbboard@arb.ca.gov

VIA EMAIL

Re: California Air Resources Board Proposal to Regulate Jet Fuel

Dear ARB Members:

I write on behalf of the Burbank-Glendale-Pasadena Airport Authority ("Authority") regarding the recent California Air Resources Board ("CARB") proposal to regulate jet fuel under its Low Carb Fuel Standard ("LCFS") program. As the owner and operator of Hollywood Burbank Airport ("BUR"), the Authority is supportive of feasible measures that fight climate change. The Authority is doing its part by striving for a LEEDS Gold certification for the Replacement Passenger Terminal project that is underway. Unfortunately, the LCFS proposal being considered by CARB will set a standard that is infeasible at this time.

The U.S. airline industry plays a vital role in California's economy. Furthermore, the industry is committed to reducing its climate impact and achieving "net zero" carbon emissions by 2050. Transitioning to Sustainable Aviation Fuels ("SAF") is core to this commitment, and the industry has pledged to work with governments and other stakeholders to make three billion gallons of SAF available in the United States by 2030. Achieving these goals requires new and additional policy incentives, streamlined permitting processes, and close collaboration among airlines, fuel companies, manufacturers, environmental organizations and governments, among others.

With respect to SAF, California has established itself as an early leader in attracting investment, production, and use of SAF through the existing LCFS Program, which provides an opt-in credit for SAF that helps reduce the price difference between SAF and conventional jet fuel. This voluntary regulatory structure has been successful in enabling the growth of the SAF market in California and across the country. California has the most viable market for SAF today in the United States and, as airlines increase their demand, the market continues to grow.

Aviation accounts for only 2.6% of United States' greenhouse gas emissions. In contrast, aviation's impact on the country's and the state's gross domestic product is significant, respectively amounting to 5% and 4.1%. There are 380,000 employees of United States commercial aviation firms based in California, with an overall economic impact of $194 billion[1]. Aviation is critical to driving California's economy and its rank as the 5th largest economy in the world. Aviation enables $114 billion in annual trade flows and underpins many of the rest of state's biggest economic drivers such as agriculture, tourism, manufacturing, banking, technology and small business. Ensuring a healthy and vibrant aviation industry is essential to California's future, and leveraging CARB's early leadership on SAF can enable California leadership in the emerging SAF production industry, creating new jobs and economic development opportunities.

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[1] The Economic Impact of Civil Aviation on the U.S. Economy, State Supplement, US Department of Transportation, November 2020

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With this context, the Authority respectfully asks CARB to reconsider the proposal to regulate jet fuel as an obligated fuel under the LCFS Program. It our understanding that CARB's proposed changes to the LCFS Program include elimination of the existing exemption for conventional jet fuel use for flights within California. This proposed change is unlikely to result in increased SAF production, availability, or use in the state, but would lead to higher jet fuel prices. The International Air Transportation Association estimates that SAF production reached 158 million gallons in 2023, yet the U.S. Government Accountability Office estimates that 35 billion gallons of SAF will be needed by 2050 to satisfy 100% of demand. The primary impediment to increased SAF production and availability in California remains the higher cost of SAF for producers and buyers relative to conventional jet fuel and renewable diesel. CARB's proposal would not meaningfully address this fundamental challenge and therefore is unlikely to meaningfully increase SAF supply or use.

It bears emphasis that federal law preempts state agencies from regulating jet fuel to reduce emissions from aviation. CARB recognized this fact when it exempted jet fuel in 2018.[2] Aviation has unique circumstances, which go beyond considerations of interstate commerce, for the safe operation and maintenance of aircraft. Federal law, including the Clean Air Act, fully occupies this field and gives exclusive regulatory jurisdiction to federal agencies like the Environmental Protection Agency and the Federal Aviation Administration.

Moving forward with eliminating the fossil jet fuel exemption and implementation of a new obligation inevitably will result in lengthy and costly litigation that does nothing to advance the mission of increasing SAF production. Such litigation will divert resources from the state and the aviation industry that would be better spent enabling greater SAF production. Our mutual interest is to increase SAF production, availability, and use. The most effective way to accomplish this is to continue the positive, collaborative approach represented by the existing "opt-in" mechanism developed by CARB and the aviation community.

Based on these considerations, the Authority urges CARB to work with the aviation industry on another win-win solution. CARB should preserve the existing opt-in approach for SAF and partner with the aviation sector and stakeholders across the emerging SAF ecosystem on new policies and approaches to speed the availability of SAF in California.

Sincerely,

Frank R Miller

Frank Miller
Executive Director, Hollywood Burbank Airport

cc: Commissioners, Burbank-Glendale-Pasadena Airport Authority

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[2] CARB stated that "[s]ubjecting aircraft fuels to annual carbon intensity standards would raise federal preemption issues" *available at* https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2018/lcfs18/isor.pdf?_ga=2.259407882.1202437490.1641231788-253234234.1573227006

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