

To: Chair Randolph and members of the California Air Resources Board
From: Jeremy Martin and Maria Cecilia P. Moura
Date: September 1, 2022
Subject: Comments on September 1, 2022 Joint Meeting of the California Air Resources Board and the Assembly Bill 32 Environmental Justice Advisory Committee

Thank you for opportunity to comment on this important discussion on behalf of the Union of Concerned Scientists (UCS) and our 14,000 members in California.

California needs a petroleum phaseout plan. The approval of the Advanced Clean Cars II rule last week makes it plain that the era of technology neutrality is over, and the process of phasing out gasoline in favor of renewable electricity is the law of the land in California. This phaseout, not only of gasoline but also of diesel, has profound implications that should be reflected in enabling regulations including the Low Carbon Fuel Standard (LCFS), a regulation in which UCS taken a keen interest since its inception more than 15 years ago. Phasing out petroleum also has profound implications for the communities and people whose lives have been affected, for good or ill, by the petroleum industry in California.

A petroleum phaseout plan is needed to provide greater clarity and guidance to regulators, communities, workers and related industries so that they can plan for a future in which petroleum plays a rapidly declining role. A petroleum phaseout plan, as we envision it, does not add new requirements beyond what is clearly implied by the scoping plan. Instead, it makes explicit what is currently implicit, clarifying the implications of the transition away from petroleum for stakeholders affected by the petroleum supply chain. We urge California to bring together the relevant stakeholders and experts to work through the implications of a petroleum phaseout for the related industries and for the front-line communities that have borne the brunt of fossil fuel pollution for decades. The plan should provide useful, accessible information on what the transition means for all the stakeholders, so they can advocate for their interests and plan for their future.

While the scoping plan talks a lot about the low carbon technologies we need, we must also provide greater clarity about the future of the technologies we are leaving behind, so everyone can plan for what comes next.

A petroleum phaseout plan will align fuel regulations with the scoping plan

For regulators, a petroleum phaseout plan should be used to ensure that the implementation of climate policies including the LCFS are aligned with the phaseout plan. More than a decade ago, when the LCFS was being conceived, perhaps it was appropriate to be technology neutral, to treat electric vehicles powered by renewable electricity as just one pathway of many, equivalent to the replacement of crude oil with vegetable oil or the implementation of carbon capture at an oil refinery. But today it is clear

that these strategies are not equivalent. Electrification is the primary strategy required to meet California's climate commitments, and other strategies must be supported judiciously to address applications where electrification is not yet feasible, and to reduce emissions from the fuel supply chain during the transition to electrification.

Decarbonizing liquid fuel supply chains remains important, and the LCFS remains an important tool to hold fuel producers accountable to minimize emissions from the production and use of transportation fuels. But the implementation of the LCFS should be guided by a petroleum phaseout plan to ensure that it remains aligned with the state's broader goals. This is especially true when it comes to crediting mitigation of climate pollution within the petroleum supply chain. California's petroleum production sector is a major source of pollution, both greenhouse gasses and other health hazards. The petroleum phaseout will take a couple decades to complete, so it is essential to minimize pollution from the petroleum supply chain during the transition. However, this mitigation should complement the replacement of petroleum with zero emission fuels and should not substitute for it.

Costly investments in climate mitigation at oil refineries or elsewhere in the petroleum supply chain are unlikely to have a long-term return for a state rapidly phasing out petroleum fuels. Regulators should add safeguards to ensure that California policies support the technologies the state needs and not just those the oil industry prefers. This is especially true because the business interests of the oil industry are shaped not only by California policies but federal policies and incentives. The mix of fuels supported by the LCFS has been profoundly distorted by federal policies, including the Renewable Fuel Standard and tax credits for blending bio-based diesel fuel. Newly enlarged federal subsidies for hydrogen and carbon capture and sequestration could further distort the outcomes of the LCFS, unless safeguards are implemented to ensure the outcomes supported by the LCFS are consistent with the vision articulated in the scoping plan. A petroleum phaseout plan will provide a framework to develop appropriate safeguards, to ensure that federal policies help California meet its climate goals rather than derail the process.

For additional information on this topic, please refer to our scoping plan comments and recent blog post, California Needs a Petroleum Phaseout Plan, online at <https://blog.ucsusa.org/jeremy-martin/california-needs-a-petroleum-phaseout-plan/>.

Sincerely,

Jeremy I. Martin, Ph.D.
Director of Fuels Policy, Senior Scientist

Maria Cecilia P. Moura, Ph.D.
Senior Engineer

Clean Transportation Program, Union of Concerned Scientists