



California Independent Petroleum Association
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**California Independent Petroleum Association Comments
on the August 2, 2021
Engineered Carbon Removal Technical Workshop**

Ms. Rajinder Sahota
California Air Resources Board
2022 Scoping Plan Update

August 13, 2021

Via electronic submittal to:

https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=sp22-co2-removal-ws&comm_period=1

Thank you for the opportunity to share comments on behalf of the members of the California Independent Petroleum Association (CIPA). CIPA represents nearly 400 crude oil and natural gas producers, royalty owners, and service and supply companies who all operate in California under the toughest regulations on the planet. Our members are committed to innovation and investment to help the state reach its statutory emission reduction targets. CIPA's member companies have the assets and knowledge to play a significant role in helping decarbonize California's economy. ***CIPA supports including the use of Carbon Capture Utilization and Storage in the production of transportation fuels to achieve the states carbon goals.***

The mission of CIPA is to promote greater understanding and awareness of the unique nature of California's oil and natural gas resources, and the independent producers who contribute actively to California's economy, employment and environmental protection.

Large-scale investments, such as renewable energy and/or carbon capture and storage, require policy stability and regulatory certainty to not only finance and permit such projects, but to successfully operate. Any movement away from the current policy of letting a price on carbon incentivize market-driven investments is detrimental to reduction projects. CIPA believes this current regulatory construct of "all good ideas are welcome" should continue in the 2022 Scoping Plan.

Artificially limiting technology or reduction opportunities should be avoided. CIPA was pleased to see a new generation of technology highlighted at the recent workshop. CCUS/CCS, and other carbon negative technologies, will be a needed if the state is to transition to a lower carbon-intensity economy without deindustrializing the state.

Even with the state's incredible vehicle efficiency rules, VMT reduction strategies, and vehicle technology requirements, California consumes among the most energy on the planet outpacing

France, Germany and the United Kingdom¹. Owing to the sheer size of its demand and California's continued reliance on energy imports, state policies (or changes to those policies) can have wide ranging impacts around the U.S. and the world as a whole. Unfortunately, other energy producing regions of the world do not share California's values for labor, health and safety or the environment. Exporting our energy needs, including the jobs and tax base they support, is a very real form of "leakage" which AB 32 sought to avoid. Rather than exporting our industry, California should embrace an energy portfolio that prioritizes California produced energy, which benefits both state and local economies as well as the environment. Such a portfolio must include industrial carbon capture and storage.

California will need petroleum and natural gas fuels for decades. According to data provider IHS, even though by 2050 between 60 and 80% of global new car sales may be electric or partially electric (this comprises battery, plug-in hybrid and fuel cells), ICE-based cars will still account for 1.9 billion vehicles on the road because of their longevity. During this time, as a state, we will need liquid and gaseous fuels and we should prioritize in-state supply that is produced under California's stringent regulations. It is foreign crude that should be targeted for primary reduction, and not in-state production. Instead of making the Saudi royal family richer, we should be focused on keeping more Californians working and using that money here to enrich our communities. **The last barrel of oil used in this state, should be produced in state with carbon capture and sequestration.**

CIPA members embrace an inclusive energy portfolio utilizing new and traditional energy sources working together. The LCFS's Innovative Crude provisions have rightly incented innovation, and our members have responded by invested in solar and cogeneration to lower the overall carbon intensity of our operations, invested in CCS and other innovations that can be used to further decarbonize the grid or exported to other states and countries.

CIPA member companies are actively investing in California to advance the CCS technology as California's in-state production industry is uniquely poised to invest this technology. The scientific community has written extensively about the role of CCS to achieve net zero emissions under the Paris Accord. Our member company, California Resources Corporation, has California's first carbon capture project underway and this year will complete its Front-End Engineering Design (FEED) study for the carbon capture facility on its power plant at Elk Hills. It cannot be understated those signals from CARB are extremely important to the investment and finance communities that are needed to fund the technology California is seeking. These types of signals can help achieve the goals of the program.

Thank you for continuing the dialogue with us. We look forward to working with CARB on this important topic.

Sincerely,



Rock Zierman
Chief Executive Officer
California Independent Petroleum Association

¹ CA - 7.96 quadrillion BTUs <https://www.eia.gov/state/print.php?sid=CA>
Country ranking: <https://www.eia.gov/international/rankings/world?pa=12&u=0&f=A&v=none&y=01%2F01%2F2017>