



February 20, 2024

California Air Resources Board

1001 I Street

Sacramento, CA 95814

RE: Comments on Proposed LCFS Program Amendments

Dear Chair Randolph and Members of the Board,

On behalf of Idemitsu Apollo Renewable Corporation, we thank you for the opportunity to provide input on the proposed amendments to the California Low Carbon Fuel Standard (LCFS). As a significant contributor of renewable diesel to California markets, we appreciate the collaborative effort to enhance low carbon fuel initiatives in the state.

Idemitsu Apollo Renewable Corporation shares a common goal with the California Air Resources Board to increase the adoption of low carbon fuels, aligning with the state's objectives for greenhouse gas emission reductions. Through strategic business partnerships and investments, we are committed to bringing low carbon renewable diesel to California to support its environmental targets.

However, we have encountered challenges stemming from fluctuations in LCFS credit prices. Despite originally planning a renewable diesel production of 10,000 barrels per day, we have scaled down to 4,000 barrels per day due to the impact of declining credit prices. Consequently, our import volume of renewable diesel has also decreased to less than 50% from our original forecast. Additionally, we have significantly reduced our biodiesel blending program by 75% year on year.

A program high of surplus of credits in the LCFS credit bank has led to downward pressure on LCFS credit prices, making it economically challenging for us to expand operations and invest further in renewable diesel (RD) or sustainable aviation fuel (SAF) projects. To address these concerns and ensure a stable market for future planning, we propose the following amendments for consideration:

1. Increase the Carbon Intensity (CI) reduction target from the proposed 30% to 35% for 2030.
2. Consider revising the Automatic Acceleration Mechanism by moving up the start two years earlier, from 2028 to 2026, utilizing 2024 annual data instead of 2026.
3. Eliminate the exemption for intrastate fossil jet fuel starting in 2025 instead of 2028.
4. Higher limitations and phaseout measures for forklift crediting.
5. More aggressive reduction in proposed CI targets with a higher than 5% step-up in reduction in 2025 from the current regulation.

We believe that these amendments will foster a more conducive environment for the growth of low carbon fuels in California, helping achieve the state's greenhouse gas reduction targets.

Thank you for considering our comments. Idemitsu Apollo Renewable Corporation looks forward to continued collaboration with the California Air Resources Board throughout the rulemaking process.

Sincerely,

A handwritten signature in black ink that reads "Luke Nguyen". The signature is written in a cursive, flowing style.

Luke Nguyen

Renewables Manager

Idemitsu Apollo Renewable Corporation