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August 8th, 2022

Dr. Cheryl Laskowski, Branch Chief
Low Carbon Fuel Standard (LCFS)
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Dr. Laskowski,

HF Sinclair Corporation (HF Sinclair) is a diversified, innovative energy company that manufactures and sells products such as gasoline, diesel fuel, jet fuel, renewable diesel, specialty lubricant products, specialty chemicals, and specialty and modified asphalt, among others. In addition to our capability to process nearly 700,000 barrels/day in our refineries located in Kansas, Oklahoma, New Mexico, Utah, Wyoming and Washington, HF Sinclair's growing renewables business operates three production facilities that can produce approximately 380 million gallons of renewable diesel annually making HF Sinclair the second largest producer of renewable diesel in the United States.

HF Sinclair would like to thank the California Air Resources Board (CARB) for hosting the July 7th workshop and allowing us to comment on the LCFS (low carbon fuel standard) updates under consideration.

At the start of the LCFS program, the two primary ways to provide renewable low-carbon fuels into California were biodiesel and ethanol. These feedstocks, which provided almost all of the credits in the early years of the program, can only displace a limited amount of traditional transportation fuel. This limitation could have impacted the feasibility of the program in several years. Instead a variety of other low carbon options, including electrification, renewable diesel and renewable natural gas provided new opportunities to decarbonize transportation fuels in California and around the world. These new technologies were able to take hold because CARB built a technology neutral environment focused solely on carbon reduction, which encouraged innovation. The market is transparent and unbiased, with scientific research supporting the value of the various fuels.

Putting a cap on crop-based fuels is an unprecedented deviation from CARB's neutral, GREET-based valuation of low carbon fuels. It is redundant to the indirect land use change (ILUC), which uses years of data to account for the effects of crop-based biofuels and is already incorporated into the program. Furthermore, it sets a precedent for new companies considering investing in next generation technologies that changing rules in the legislation could have unexpected impacts on their business, and limit needed continued investment in worldwide decarbonization of the transportation sector.

In Governor Newsome's letter to CARB on July 22nd, he called for the program to "work with relevant agencies to accelerate refinery transitions away from petroleum to the production of clean fuels." Biofuels such as renewable diesel are the readily available path forward on this request. These fuels have and continue to provide a bridge for carbon neutral fuels. Allowing crop-based materials, which, while imperfect, do produce substantially less carbon than their petroleum equivalents, in the program ensures the lowest possible carbon emission today while alternatives continue to develop and expand.

Instead of capping crop-based biofuels, we recommend that CARB continue the program as originally designed. The ILUC ensures that non-crop based fuels have a financial advantage over crop-based fuels, and are more likely to be used in the program to the extent they are available. This market dynamic, combined with the declining cap, naturally phase out the use of crop-based biofuels over time.

Again, we thank you for the opportunity to comment on CARB's considerations for the future of the LCFS program. We look forward to the future workshops and developments.

Sincerely,

Julia Heidenreich
Vice President Renewables
HF Sinclair