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Liane M. Randolph, Chair California Air Resources Board P.O. Box 2815 Sacramento, CA 95814

RE: The Transport Project Comments on the CARB Staff Proposed Modifications to the CA LCFS

Chair Randolph:

The Transport Project (TTP) respectfully submits the following comments on the California Air Resources Board (CARB) staff proposed modifications to the California Low Carbon Fuel Standard (LCFS) program and in support of the objective, to continue to incentivize the lowest carbon fuels and technologies available to the transportation market. The LCFS modifications proposed by CARB staff are comprehensive and represent significant efforts that are appreciated. TTP supports most changes with some caveats as detailed in the paragraphs on the second page. It is our belief that California should continue to be fuel neutral through the LCFS, using national standards and the Argonne GREET model to determine the best LCFS credit generators.

The Transport Project is a national coalition of fleets, vehicle and engine manufacturers and dealers, servicers and suppliers, and fuel producers and providers dedicated to the decarbonization of North America's transportation sector. Through the increased use of gaseous motor fuels including renewable natural gas and hydrogen, California can help achieve ambitious climate goals and greatly improve air quality safely, reliably, and effectively without delay and without compromising existing commercial business operations.

California has achieved significant emission reductions through the LCFS program, but is falling behind in achieving its longer-term goals as stated in the following two current articles:

California needs to triple pace of emissions cuts to meet 2030 goal, report says | Reuters

CA isn't on track to meet climate change mandates, report says - CalMatters

The information presented above coupled with significant issues in electric vehicle (EV) performance in the Medium- and Heavy-Duty vehicle market including, cost, range, technical issues, battery issues, a lack of 1 to 1 vehicle replacement for duty cycles (including the need for more drivers for the additional EVs needed) and the lack of stations and grid availability raise questions as to the effectiveness of relying primarily on potential emissions reductions from EVs.

Zero Emission Vehicles (ZEV) have played a role in California's vehicle emissions reductions, but low carbon and low NOx fuels have produced most of these emissions reductions to date, and there is a need to retain these fuels until ZEV technology, charging/fueling and supply reach full operational capacity. There is **no one solution** to the pressing environmental issues facing the transportations sector. Policy makers should move quickly to deploy those technologies and solutions that are readily available,

maximize cost-effective emission reductions, and provide a real pathway to carbon neutral or carbonnegative emissions.

The Transport Project offers the following comments regarding the CARB staff LCFS proposed amendments outlined in the "Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information:"

Page 3, New Subsection 95482(h) – Removes LCFS credit generation eligibility for hydrogen produced using fossil gas as a feedstock, effective January 1, 2031 (this aligns with the current operational timeline for projects funded under the hydrogen hub grants). Hydrogen is to be low-carbon renewable hydrogen produced through steam methane reformation of biomethane, electrolysis and biomass gasification. TTP requests that CI scores be the driver for LCFS fuels recognizing that a blended fossil natural gas and renewable natural gas producing a lower CI score for hydrogen is a necessary path to hydrogen that will likely be needed beyond the January 1, 2031 date.

Page 5, Section 95484 – Increases the near-term average carbon intensity benchmarks' stringency to a 9% CI reduction in 2025 from the 5% year-to-year increase included in the initial amendments' proposal (will help bring the deficits and credits back into balance). The compliance targets between 2025 and 2030 are adjusted in the 15-day modifications package to smooth the curve between the more ambitious 2025 compliance target and the originally proposed 30% reduction in 2030 that will be maintained. **TTP commends the 9% CI reduction and encourages CARB to move to a 35% reduction in 2035.**

Page 10, Section 95488.3 – Staff proposes to specify a process by which the Executive Officer may correct the Tier 1 CI Calculators to align more closely with the CA GREET 4.0 model and facilitate modeling consistency and efficiency. **TTP believes this would be appropriate if the alignment mirrors the national GREET model. Specific CA parameters make sense if they are calculated using the methods of the national GREET model.**

Page 12, Section 95488.8 – Modifications to deliverability requirements for book-and-claim accounting for biomethane where a gas pipeline system map identifying interstate pipelines and their majority directional flow based on specified flow data by July 1, 2026. LCFS pathways for bio-CNG, bio-LNG and bio L-CNG combustion in vehicles would have to show physical flow to CA after December 31, 2037. TTP requests that the pipeline map be approved as of January 1, 2026 to extend the deliverability time for NGVs.

Page 12, Section 95488.9 – Staff proposes to reduce the total number of crediting periods for avoided methane emissions crediting periods to two, rather than three, to align more closely with the end dates for avoided methane pathways that break ground after December 31, 2029. TTP is concerned that this reduction in crediting periods will adversely affect the number of avoided methane projects that will be eligible and asks that there be no change.

Page 13, Section 95488.10 – Staff proposes to expand the credit true up to include periods using temporary pathway CIs after annual verification, enabling the eventual recovery of credits based on verified operational data. **TTP agrees with this true up and appreciates the ability to recover credits.** However, we oppose the process that would impose a four-to-one CI penalty mechanism for CI changes on a project as being unnecessary since there already is a path for correction through the Annual Fuel Pathway Reporting process.

The Transport Project thanks CARB for their work and requests consideration for our comments and requests made with regard to the proposed LCFS modifications. We strongly believe that multiple fuels and technologies will be needed to reduce emissions, and that the "best fit for the purpose" should be the guiding principle. The key is to find proven products that are available, that effectively and affordably lower emissions, have existing infrastructure for fueling/charging and fit the current business model.

Please contact me with any questions.

Sincerely,

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Sherrie Merrow The Transport Project Director of State Government Affairs