

Liane M. Randolph
Chair – Low Carbon Fuel Standard
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Proposed Amendments to the Low Carbon Fuel Standard (15-Day Changes)

Dear Chair Randolph,

We appreciate the opportunity to provide feedback on the proposed modifications (15-day Changes) to the Low Carbon Fuel Standard.

Fidelis New Energy, LLC (“Fidelis”) is an energy transition company driving decarbonization through investments in renewable fuels, low-carbon intensity products, and carbon capture and storage. Using proprietary technology and processes, Fidelis aims to develop, invest, and deliver climate positive and carbon negative infrastructure to reach carbon reduction and climate positive targets. Fidelis develops carbon negative sustainable aviation fuel, renewable diesel, renewable naphtha, clean hydrogen, and clean fuel infrastructure, in addition to developing and operating CO₂ capture units, pipelines, sequestration wells, and related transportation and sequestration infrastructure.

We applaud the California Air Resources Board’s efforts to pursue means of ensuring the continued success of the LCFS. The California LCFS program has been a monumental success displacing over 25 billion gallons of petroleum fuels, delivering cleaner air through PM and NO_x reductions, and driving billions in low-carbon investment.¹

Our comments on proposed 15-Day Changes are provided below.

- **Fidelis supports the proposed 9% stepdown in the compliance benchmark CI in 2025 and the implementation of the Automatic Acceleration Mechanism (“AAM”) to ensure long-term program stringency.**
 - Both the initial stepdown in 2025 and AAM are critical to address the current overperformance of the program and support the necessary investments to meet the long-term program targets and State goals.
- **Fidelis supports the development of LCFS policies that encourage utilization of sustainable aviation fuel (“SAF”) in California including adopting intrastate jet fuel as a deficit generator.**

¹ California Air Resources Board. “California Low Carbon Fuels Standard April Workshop Slides”, April 10, 2024.
ww2.arb.ca.gov/sites/default/files/2024-04/LCFS%20April%20Workshop%20Slides.pdf

- The adoption of SAF is key to reducing greenhouse gas and other harmful emissions like PM from air travel in California. Fidelis recommends that the LCFS adopt intrastate jet fuel as a deficit generating fuel to encourage the adoption of SAF and strengthen the overall LCFS compliance market.
- Broader adoption of SAF should be a core component of not only the LCFS proposed rulemaking, but also the overall strategy of California's actions to reduce emissions from aircraft.
- **Fidelis supports the inclusion of forest waste biomass feedstocks in the California LCFS and recommends modifications to the proposed definition of Forest Biomass Waste.**
 - Fidelis applauds the inclusion of forest biomass waste in the LCFS. Sustainable utilization of forest biomass waste is key to enabling further decarbonization of California LCFS program as well as support healthy, resilient forests.
 - Fidelis recommends modifications of the current definition of forest biomass waste to align with federal standards (RFS) and provide clarity for the utilization of thinning and slash in the LCFS.

Specifically, Fidelis recommends the definition be modified to clarify the eligible utilization of thinnings or residues generated as residues and byproducts in the production of high-grade timber. This modification aligns the intent of the current definition with RFS's inclusion of material generated in thinnings and recognition of the importance of thinnings to support increased productivity for surrounding trees.²

In addition, the 15-Day Changes proposed definition of forest biomass waste as "small diameter, non-merchantable residues ... that do not meet regional minimum marketable standards for processing into wood products" conflicts with the RFS's treatment of thinnings and ignores the critical role biomass utilization plays to support sustainable forests. Due to a variety of potential factors, including surplus regional supply (due to closure of traditional offtake), transportation distance, or handling requirements, thinnings and slash may be left in situ to decompose or be burned even though this material may meet "regional minimum marketable standards". This material that is left or may become left should be eligible for LCFS credit generation. Therefore, it is essential that the definition of forest biomass waste considers the counterfactual fate of the material. Fidelis recommends modifications to the proposed definition to ensure that secondary materials (thinnings, residues) generated through sustainable management are not left in situ to decompose or be burned.

Furthermore, this proposed definition significantly undermines California's ability to meet its wildfire and forest resilience objectives, including the goal of treating a

² 40 CFR §80.2 RFS (Definitions) <https://www.ecfr.gov/current/title-40/section-80.2>

combined one million acres with the USFS annually.³ The proposed definition eliminates the ability for bioenergy projects to utilize biomass generated from crucial fuel reduction treatments required to support resilient forests, contradicting the Wildfire & Forest Resilience Action Plan which highlights the importance of biomass utilization to meet its objectives.⁴

- Fidelis recommends CARB clarify when forest biomass waste is considered a specified feedstock.

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Thank you for the opportunity to submit these comments.

Respectfully submitted,

Fidelis New Energy, LLC

³ <https://www.gov.ca.gov/2020/08/13/california-u-s-forest-service-establish-shared-long-term-strategy-to-manage-forests-and-rangelands/>

⁴ “California’s Wildfire and Forest Resilience Action Plan” <https://wildfiretaskforce.org/wp-content/uploads/2023/04/californiawildfireandforestresilienceactionplan.pdf>