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SUBMITTED ELECTRONICALLY

August 27, 2024

Liane Randolph
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments on the California Air Resources Board's (CARB) Proposed 15-Day Changes to the Proposed Amendments to the Low Carbon Fuel Standard (LCFS)

Dear Chairwoman Randolph and Honorable Board Members:

Marathon Petroleum Company LP (MPC) appreciates the opportunity to provide comments on CARB's Proposed 15-Day Changes to the Proposed Amendments (15-Day changes) to the LCFS.

MPC is a wholly owned subsidiary of Marathon Petroleum Corporation, a leading, integrated, downstream energy company headquartered in Findlay, Ohio. MPC is a supplier of fuels in the State of California and, both directly and through its subsidiaries, invests in low-carbon solutions to meet the energy demands of today and into the future. MPC's commitment to low-carbon solutions is reflected in the successful conversions of its Dickinson, North Dakota and Martinez[1], California petroleum refineries into renewable fuel production facilities. Combined, these two operating facilities are expected to produce up to 2.5 million gallons per day of renewable transportation fuel from renewable feedstock sources with an aggregate life-cycle carbon intensity that is approximately 60 percent less than petroleum-based fuels.

The proposed 15-Day changes include several significant changes, including a cap on soybean and canola oil biomass-based diesel production at a facility, modifications to the biomass-based feedstock sustainability criteria, and a ban on processing new biomass-based diesel pathway applications. MPC believes its recommendations are critical to ensure the LCFS maintains a market-based focus, provides a stable investment signal, and incentivizes new, low carbon technology used in the transportation fuel sector.

MPC's recommendations on the 15-Day changes are listed below. Additional discussion and support for these recommendations are provided in the subsequent sections.

- MPC recommends that CARB not implement a 20 percent cap on the production of soybean oil and canola oil renewable diesel by a company.

[1] Martinez Renewables LLC is a 50/50 joint venture between affiliates of Marathon Petroleum Corporation and Neste Corporation.

- MPC recommends CARB provide two (2) additional years for the feedstock supply chain to adjust to the proposed Feedstock Sustainabiltiy requirements and recommends CARB identify that in §95488.9(g) a "new fuel pathway application" means a pathway request for a biomass-based feedstock not previously processed at a facility.

- MPC recommends that CARB not give the Executive Officer discretion to stop accepting applications for new fuel pathways for biomass-based diesel.

A cap on the production of soybean oil and canola oil renewable diesel will create operational challenges for facilities that produce renewable diesel.

If CARB intends to cap the amount of soybean and canola oil-based renewable diesel that a company can produce, CARB's proposal may limit a renewable fuel producer's ability to efficiently operate a renewable diesel facility. Feedstocks used in renewable diesel production do vary in quality. For example, refined, bleached, and deodorized soybean oil and canola oil contains lower levels of free fatty acids, chlorides, moisture, metals, and phosphorus, whereas fats, oils, and greases, such as used cooking oil and tallow, may have higher levels of these contaminants.

Like petroleum refineries, renewable diesel facilities produce transportation fuels from feedstocks through a series of interconnected steps. Piping with specific metallurgy that is capable of handling process conditions is utilized to operate the facility in a safe and efficient manner. Producers must manage feedstock slates based on these conditions to limit the potential for unplanned outages and/or reduced production volumes. The use of fats, oils, and greases alone creates significant challenges, including the risk of increased corrosion, for facilities producing renewable diesel, given these operational considerations. For example, the hydroprocessing catalyst used to convert feedstock oils into renewable products requires feedstocks that contain very low levels of contaminants to extend the lifespan of the catalyst and prevent operational problems.

A cap on those feedstocks with low contaminant levels, like soybean oil and canola oil, may result in increased downtime of renewable diesel production facilities, which will in turn lead to decreased renewable diesel production within the state and/or renewable diesel imports, increasing emissions within the transportation sector. MPC recommends that CARB not implement a 20 percent cap on the production of soybean oil and canola oil renewable diesel by a company.

The new constraints CARB is proposing on the biomass-based feedstock supply chain that renewable diesel producers rely on to deliver significant emission reductions within California's transportation sector are concerning and will result in disruptions.

MPC provided feedback[2] to CARB on its Feedstock Sustainability requirement proposal, Section 95488.9(g), as part of CARB's 45-Day proposal for amendments to the LCFS Regulation. MPC's comments highlight challenges with the proposal due to the logistics of the feedstock supply chain. The feedstock supply chain connects small family farms and corporate farms to grain elevators, transporters, and crushers, and ultimately to fuel producers and suppliers of renewable diesel. While CARB attempted to provide additional time for the third-party sustainability certification, CARB accelerated the need to provide physical locations of farms

[2] MPC Comment letter to CARB's 45-Day LCFS Proposal. 6890-lcfs2024-B2RXMFwvWWgKU1c7.pdf (ca.gov)

growing and harvesting raw materials used to produce biomass-based feedstocks. This means that CARB is only giving existing pathway holders approximately nine months, from the quarter CARB expects these LCFS amendments to be adopted, to identify and create documentation for the physical locations of farms where biomass-based feedstocks are grown. MPC is concerned that this timing may introduce undue disruptions to the feedstock supply chain, especially since those feedstocks are processed in calendar year 2026 (and reported in the 2026 annual fuel pathway report). Additional time should be given to ensure the feedstock supply chain can timely respond to these changes without any deleterious effects.

Additionally, CARB has included the terms "existing certified pathway" and "new fuel pathway application" in Section 95488.9(g) that have been historically used to identify the status of a fuel pathway for a CA-GREET transition. While these terms define a pathway's status when transitioning from one version of CA-GREET to another, their meaning in Section 95488.9(g) is unclear. CARB must clarify to stakeholders how provisional fuel pathways will be treated and how CARB will handle an update to an existing pathway, for example, due to a process change or the use renewable natural gas as a feedstock to hydrogen production.

MPC recommends CARB provide two (2) additional years for the feedstock supply chain to adjust to the proposed Feedstock Sustainability requirements and recommends CARB identify that in §95488.9(g) a "new fuel pathway application" means a pathway request for a biomass-based feedstock not previously processed at a facility.

CARB's proposal to give the Executive Officer discretion to stop accepting new biomass-based diesel fuel pathways beginning January 1, 2031 will stifle innovation in the agricultural sector.

CARB has previously shared its intent to create policies that can be used by other jurisdictions. Other states such as Oregon, Washington and New Mexico either have LCFS programs that are in place or have legislative approval to implement such a program. Many of these states have relied on and designed their pathway processes based on CARB's technical acumen, understanding of life-cycle accounting, and administrative history of managing fuel pathways. MPC acknowledges CARB is not responsible for the administration of any other jurisdiction's LCFS program; however, CARB must consider the likely impacts this proposal has on other programs that may rely on CARB's pathway approvals.

Additionally, CARB has signaled that the decision to accept a new biomass-based diesel pathway after January 1, 2031 is correlated to a specific number of class 3-8 Zero Emission Vehicle (ZEV) or Near Zero Emission Vehicle (NZEV)[3] registrations in California as of December 31, 2029. The addition of Section 95488(d) in CARB's 15-Day changes will stifle innovation and investment in the agricultural sector, due largely to the uncertainty surrounding CARB's authority to approve or deny a new pathway that may utilize cover crops as a biomass-based feedstock or new farming practice technologies that reduce the carbon intensity (CI) of the raw materials used in feedstock production. The adoption rate of class 3-8 ZEV and NZEV should not be used as a metric for the approval of biomass-based diesel pathways. Instead, CARB should rely on its CI standards as the signal to inform investors on the value of new low carbon fuels in California. While California's push for zero-emission technology is apparent, the acceptance of new biomass-based diesel fuel pathways has no correlation to the adoption rate of class 3-8 ZEV and NZEV in California.

[3] CARB Advanced Clean Fleet Regulation Title 13, California Code of Regulations, Article 3.4 §2015(b)

MPC recommends that CARB not give the Executive Officer discretion to stop accepting applications for new fuel pathways for biomass-based diesel.

Thank you for the opportunity to comment on these subjects. If you have any questions about anything discussed here, feel free to reach out to me at bcmcdonald@marathonpetroleum.com.

Sincerely,

Brian McDonald
Marathon Petroleum Company LP | West Coast Regulatory Affairs Advisor

Cc: Rajinder Sahota, Deputy Executive Officer, Climate Change and Research
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