



## California Council for Environmental and Economic Balance

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August 27, 2024

The Honorable Liane Randolph  
Chair  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95864

### **Re: 15-day Changes to the Proposed Low Carbon Fuel Standard Regulation**

Chair Randolph,

On behalf of the California Council for Environmental & Economic Balance (CCEEB), we write to provide comments on the 15-day changes to the proposed Low Carbon Fuel Standard (LCFS) Program. CCEEB is a coalition of business, labor, and public leaders that works together to advance strategies to achieve a sound economy and a healthy environment. Founded in 1973, CCEEB is a non-profit and non-partisan organization.

CCEEB strongly supports the California Air Resources Board's (CARB) efforts to maintain and strengthen the LCFS as a technology-neutral performance standard. A technology-neutral performance standard is essential for creating a flexible and dynamic market for credits, which is vital for the success of the program. As with the state's cap-and-trade program, the design of the LCFS credit marketplace is crucial to achieving its goals. Our members represent companies that produce and/or supply fuels covered throughout the program and uniformly we are concerned about expansive nature of these amendments which extend beyond the scope of the 45-day package and into broader energy policy for fuels that has not been workshopped or contemplated publicly by CARB.

The proposed 15-day changes represent a radical shift in the LCFS's approach, undermining the program's credibility by dismantling its foundational principles and favoring certain technologies over others. It is imperative that CARB defends the technology-neutral design of the LCFS and allows the Carbon Intensity (CI) standards to determine which fuels will receive credits or deficits within the program. By taking actions such as, sunsetting crediting for avoided methane in biogas, eliminating fossil-based hydrogen in 2030, treating all RECs as if they are unbundled, and imposing arbitrary restrictions on crop-based fuels, among other examples, CARB is straying from critical technology-neutral, market-based principles that have lifted the LCFS as a program that provides a path to reduce emissions through innovative technologies.

CARB's proposed changes are being made without any evidence of a problem with the program's current technology-neutral design. No scientific evidence has been presented to justify these adjustments or to demonstrate that they reflect the true carbon reduction potential of the affected fuels. For example, CARB's rationale seems to be more about directing biogas to other sectors rather than questioning the validity of methane reductions. Adding arbitrary restrictions regarding fuel and feedstock types allowed in the LCFS will drive costs higher, which goes against one of the state objectives to maintain affordable

fuel costs as per SB X1-2. Moreover, the declining reduction from the carbon intensity curve already acts as a science-based cap, rendering these arbitrary limits unnecessary and inappropriate. Furthermore, these proposed changes are significant policy shifts that extend beyond the scope of the 45-day package and have not been publicly vetted or workshopped by CARB.

The proposed changes represent a political shift, rather than a scientific or economically justified one, which is inappropriate for a program like the LCFS. CCEEB believes that CARB must maintain a technology-neutral and carbon-focused program that is driven by market decisions. These market decisions will naturally be influenced by California's broader suite of clean air and climate policies, eliminating the need to politicize the LCFS. Carbon intensity should remain the primary driver of the LCFS, without imposing undue constraints on feedstocks and production pathways. Such constraints would only limit the program's ability to deliver emissions reductions at the lowest possible cost.

CCEEB recognizes the significant environmental and economic benefits that the LCFS can bring to California. We urge CARB to correct the course swiftly and ensure these benefits are fully realized. To this end, CCEEB recommends an additional 15-day comment period to address these concerns before the adoption hearing in November. CARB has proposed these changes without adequate public engagement and has not fully considered their potential impacts. In contrast, other provisions in the 45-day LCFS proposal underwent extensive public review.

Additionally, companies have made substantial long-term investments and negotiated contracts based on the use of virgin feedstocks. CARB has not fully accounted for the adverse economic impacts that an arbitrary cap on the use of crop-based feedstocks — introduced at the last minute — could have on California businesses. We urge CARB to drop the proposed changes in the 15-day package and simply address the technical elements from the 45-day package if the goal is to conclude this regulation with a vote on November 8, 2024. The LCFS should allow for innovation and investment, and not dictate singular outcomes decided without a public process.

Thank you for your consideration of our comments. Please contact me or Mikhael Skvarla, CCEEB's governmental relations representative, at CA Lobby at (916) 203-0443 should you have any questions or comments.

Sincerely,

A handwritten signature in black ink, reading "Tim Carmichael". The signature is fluid and cursive, with the first name "Tim" and last name "Carmichael" clearly distinguishable.

Tim Carmichael  
President/CEO