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California Air Resources Board
1001 I Street
Sacramento, CA 95814
VIA ONLINE SUBMISSION

RE: Low Carbon Fuel Standard 15-Day Language

The Western Propane Gas Association (WPGA) is pleased to submit its comments in response to the Low Carbon Fuel Standard (LCFS) 15-day language. Aligned with our previous letter dated May 10, 2024, the focus of this letter is on the value of renewable propane as an eligible fuel for LCFS, to reiterate key points, and additionally, discourage newer aggressive compliance targets.

AGGRESSIVE COMPLIANCE TARGETS DISRUPTIVE TO CONSUMERS

In the 15-day language, the compliance targets between 2025 and 2030 are adjusted to create a larger drop in Carbon Intensity (CI) reduction than previously proposed. For 2025 alone, the new language would drop target reduction from 13.75% to 22.75%; an additional 9% drop. This 9% drop would move the 2030 CI reduction target would move from 30% to 39%. More aggressive short-term compliance targets are above and beyond any staff suggestions from the 45-day language and are not projected to be feasible considering the state's current inability to reach target CI reduction. In 2024, the CI target set by LCFS was missed by 5%; more aggressive compliance curves would only exacerbate the impacts to end-users attempting to procure sufficient quantities of compliant fuel. If current targets cannot be achieved, it is unreasonable to set more stringent targets for the following year.

Additionally, these newer aggressive compliance targets would create disruptions in existing fuels market and make it more difficult for suppliers to procure adequate renewable fuels to address existing market demands. As stated in previous letters, renewable fuels with ultra-low CI scores like that of renewable propane, are prime for meeting the CI targets set by LCFS. That being said, existing markets would be pressured to make extra jumps in reduction they were not prepared for. The ripple effect of the proposed increased targets would negatively impact procurement achievability.

STILL INCORRECT CI FOR CONVENTIONAL PROPANE IN GREET MODEL

Despite repeated entreaties, CARB's GREET4.0 model still incorrectly calculates the baseline CI of conventional. See our letter dated April 29, 2023[1] for detailed CI calculations. With the consideration of more aggressive compliance targets under the 15-day language, this miscalculation would create further undue burden on compliance entities and end-users.

[1] WPGA, Comment Letter, RE: GREET4.0 – Propane Carbon Intensity Calculation, Submitted to CARB April 29, 2023

WPGA again proposes that CARB update its modelling of the CI for conventional propane within the lookup table to result in **80.06 gCO2eq/MJ** due to corrections on:

- Upstream combustion emissions – from a CI of 64.84 to 64.58 (determined by existing GREET 2021 model updates for school buses),
- Assumptions regarding refining source – from 75% oil/25% natural gas mixture for conventional propane to 59.5% oil/40.5% natural gas within California per Argonne National Laboratory reporting[2], and
- Transport distance for delivery – fewer than 100 miles traveled for final delivery, based upon industry reporting and best practices.

Despite numerous letters to CARB on the subject, staff have refused to acknowledge the miscalculation.

EXEMPTING AVIATION FUEL CREATES UNCERTAINTY IN OTHER FUELS

While CARB staff included an exemption for all aviation fuels under the 15-day package, there are real concerns about the unintended consequences to other fuels remaining under compliance. The lack of time to evaluate and comment on such a lasting, significant, and costly change to LCFS is not aligned with CARB's historic commitment to working with regulated entities and stakeholders on the potential impacts of their rulemakings.

Sustainable Aviation Fuel, or SAF, is one of the primary refining sources for renewable propane that complies with LCFS. Renewable propane is a significant byproduct of the SAF process and creates fuel that is available for propane used in transportation, particularly in Southern California. By exempting aviation fuel and reducing the credits available for SAF, it could have the unintended consequence of drastically reducing production of SAF and thereby one of the most available sources of renewable propane – driving up costs for end-users by an unknown amount. Likewise, it could drive production of these fuels further out of state and reduce the accessibility of SAF and renewable propane for the markets that are obligated to use those fuels.

CONCLUSION

With approximately 15% of all propane used in transportation being renewable today, the industry has a goal of reaching 100% renewable propane across California's propane transportation market by 2035 or sooner. Compliance targets need to be reasonable for an industry shift to meet set targets. WPGA appreciates the opportunity to submit feedback on the LCFS 15-day language.

Sincerely,

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[2] Backes, S. E., Beath, J., Sebastian, B., & Hawkins, T. R. (2020, September). Sources of Propane Consumed in California. Chicago; Argonne National Laboratory.