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August 27, 2024

Clerks' Office
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: Support for California Air Resources Board Proposal to Retain Jet Fuel Exemption in Low Carbon Fuel Standard Program

We are writing in response to the revised Proposed Low Carbon Fuel Standard Amendments posted August 12th, 2024 by the California Air Resources Board (CARB). As members of the aviation industry, we support the withdrawal of the proposal to eliminate the jet fuel exemption and to retain the existing opt-in approach for SAF under the CARB Low Carbon Fuel Standard (LCFS) Program.

Aviation accounts for 2.6% of the U.S. greenhouse gas emissions but 5% of U.S. Gross Domestic Product (GDP) and 4.1% of California's GDP, thus exerting outsize economic impact relative to its share of emissions. U.S. civil aviation firms employ more than 380,000 California-based employees, with an overall economic impact of $194 billion.[1] Aviation is critical to driving California's economy and its rank as the 5th largest economy in the world, enabling $114 billion in annual trade flows and underpinning many of California's other significant economic drivers such as agriculture, tourism, manufacturing, banking, technology and small business.

The aviation industry is committed to reducing its climate impact and achieving net zero carbon emissions by 2050, and transitioning to SAF is core to this commitment. We have long recognized that scaling up the supply of SAF and achieving net-zero carbon emissions by 2050 can only happen by working collaboratively with governments and other stakeholders across sectors. The US airlines and the rest of the aviation industry have clearly demonstrated a strong, enduring market signal for affordable SAF through individual and collective commitments. Achieving this ambition for SAF will require new and additional policy incentives, streamlined permitting processes, and close collaboration among governments, the aviation industry, the fuels industry, environmental organizations and others.

California has established itself as an early leader in attracting investment, production, and use of SAF through the existing LCFS Program, which provides an opt-in credit for SAF that helps reduce the price difference between SAF and conventional jet fuel. Ensuring a healthy and vibrant aviation industry is essential to California's future, and leveraging CARB's early leadership on SAF can further enable California leadership in the emerging SAF production industry, creating new jobs and economic development opportunities.

We strongly believe that maintaining the existing exemption for jet fuel along with the opt-in model for SAF provides a strong foundation to achieve our mutual objectives. The primary impediment to increased SAF production and availability in California remains the higher cost of SAF for producers and buyers relative to conventional jet fuel and renewable diesel. Eliminating the exemption on jet fuel would have no material impact on the availability or use of alternative jet fuel in California, but would raise the price of jet fuel.

[1] The Economic Impact of Civil Aviation on the U.S. Economy, State Supplement, US Department of Transportation, November 2020

The aviation industry shares your strong commitment and focus on increasing SAF production, availability, and use, and the most effective way to accomplish this is to continue the positive, collaborative approach represented by the existing “opt-in” mechanism developed by CARB and the aviation community. We support CARB’s decision to withdraw the proposal to remove the exemption for jet fuel for intrastate flights, preserve the existing opt-in approach for SAF. To further that collaboration, we recommend that CARB establish a joint CARB-industry working group with stakeholders across the emerging SAF ecosystem to explore alternative policy and voluntary proposals to rapidly increase SAF production, availability and use in California. We look forward to working with CARB on such measures to accelerate SAF deployment.

Sincerely,