the climate center

August 27, 2024

California Air Resources Board
1001 I Street
Sacramento, California 95814
Via electronic submittal

Re: Comments on Proposed 15-day Changes, Proposed Amendments to the Low Carbon Fuel Standard (LCFS) Regulation

Dear Chair Randolph and Board Members,

Thank you for the opportunity to offer our input regarding 2024 Proposed Low Carbon Fuel Standard (LCFS) Amendments. We appreciate the workshops and meetings and all the staff work that has culminated in these proposed amendments.

We urge you to change critical aspects of the Proposed LCFS Amended program that undermine California's climate goals and that directly harm historically disadvantaged, low income and frontline communities.

We urge CARB to:

1. **Remove the incentives to pollute that occur as a result of subsidies for avoiding methane emissions.**
2. **End the flawed policy of giving credits for "avoided methane emissions" in 2024 and limit the LCFS carbon intensity scores to no less than zero.**
3. **The proposed 20 percent cap is a small step in the right direction toward capping lipid-based biofuels. A better approach would be to limit the volume rather than the share of vegetable oil used for fuel.**
4. **While we applaud the increase in stringency of the 2025 LCFS target we urge CARB to put bio-based jet fuel and gasoline back in and avoid backtracking on climate ambition.**

1. **Remove the incentives to pollute that occur as a result of subsidies for avoiding methane emissions.**

   Subsidies can have unintended consequences in the long run. They encourage existing firms to increase their production capacity and attract new market entrants seeking to capitalize on the subsidies. Paradoxically, this often leads to an overall increase in pollution, contrary to the policy's intended goal. Finally, subsidies transfer wealth to polluters. Subsidy programs effectively transfer wealth from public coffers to polluting entities. This not only strains government budgets but also contradicts the "polluter pays" principle, a cornerstone of environmental economics.

2. **End the flawed policy of giving credits for 'avoided methane emissions' in 2024 and limit the LCFS carbon intensity scores to no less than zero.**

Under the current LCFS regulations, producers of livestock biomethane are given a large negative carbon intensity score, since it is assumed that anaerobic digesters capture all the emitted methane. However, a recent study[1] by Food and Water Watch, as outlined in their report 'The Proof is in the Pluming' (January 2024), reveals substantial methane leaks originating from these anaerobic digesters. The plumes of leaked methane are so large that, by Carbon Mapper's definition, the digesters qualify as super-emitters. This is deeply troubling, underscoring the direct contradiction between the current flawed LCFS carbon intensity assignments and California's Clean Energy and Air Quality objectives.

This policy distortion results in an inequitable and socially inefficient distribution of credits favoring compressed natural gas (CNG) trucks over zero-emission vehicles (ZEV), granting more credits to methane-based, polluting hydrogen than to zero-emission green hydrogen, and allocating LCFS credits to large Concentrated Animal Feeding Operations (CAFOs) over smaller more sustainable farms.

Since the economic value of LCFS credits increases with a more negative carbon intensity measure, it is imperative for California to reevaluate its practice of awarding credits for "avoided methane emissions." The existing flawed accounting method, which assigns a carbon intensity range of -102.79 to -790 for factory farm gas, makes no sense compared to the carbon intensity of zero for an electric car powered by solar panels. Does this really make any sense? To ensure the alignment of incentives with environmental priorities, CARB must discontinue its practice of crediting dairy biogas in the LCFS.

The current CARB proposal is to continue with negative crediting of dairy biogas used directly in the LCFS until 2040[2] and until 2045 if used for hydrogen fuel cells. This provision must be changed and the crediting for avoided methane emissions discontinued as soon as possible.

3. **The proposed 20 percent cap is a small step in the right direction toward capping lipid-based biofuels. A better approach would be to limit the volume rather than the share of vegetable oil used for fuel**

The 20 percent proposed cap is a step in the right direction but its effect is limited since the total volumes of bio-based diesel fuel has been and will likely continue growing rapidly. So, this cap will have limited effect on the incentives for diversion of food to fuel. The increases in the consumption of biofuels, such as soy oil, intensifies the competition for land resources used for food production, thereby worsening global food insecurity and raising food prices. Unchecked growth in the biofuel market poses a significant risk of increasing global deforestation, especially as there are limits on waste oil collection and reuse, necessitating expanded production of soy oil and other oil substitutes like palm oil.

Another option and a better policy would be to treat fuels above the 20 percent limit as equivalent to fossil diesel both in the LCFS and in Cap and Trade policy. This suggestion by Dr. Jeremy Martin of UCS, is how a similar cap is implemented in Germany.

4. **While we applaud the increase in stringency of the 2025 LCFS target, we urge to put bio-based jet fuel and gasoline back in and avoid backtracking on climate ambition.**

We commend CARB for strengthening the LCFS 2025 target and lowering it one time by 9% to address the oversupply of LCFS credits in the market. This is a modest step forward to address the ongoing climate crisis which is approaching a critical cliff. This year is on track to be the hottest year on record and there are record wildfires, floods, extreme heat and these are only going to get worse. As UN Secretary-General Antonio Guterres said on June 5, 2024, we are at a “Moment of Truth”.

This is not the time to reduce and retract out climate ambition – we need to be bold and act aggressively. The removal of bio-based jet fuel and gasoline is a move in the wrong direction.

Thank you for the opportunity to provide feedback and comments on the Proposed 15-day Changes, Proposed Amendments to the Low Carbon Fuel Standard (LCFS) Regulation.

Respectively Submitted,

Ellie Cohen
Chief Executive Officer
The Climate Center