August 27th, 2024
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Proposed 15-Day Changes to Proposed Regulation Order

Dear CARB Staff,

EnviroVoters appreciates the opportunity to provide comments on the proposed 15-day changes to the initial proposed amendments previously shared by staff. We recognize that these changes reflect willingness from staff to incorporate feedback shared by various stakeholder groups, and we welcome the opportunity to further refine such a critical program. In the state's comprehensive plans for slashing emissions, the Low Carbon Fuel Standard (LCFS) remains influential. As we anticipate the LCFS program to do so much of the heavy lifting in reducing emissions from the transportation sector, it's critical that we utilize this amendment period to address areas of improvement that have arisen since the program's inception.

We are heartened by certain items in the package of 15-day changes, which we believe are indicative of productive collaboration between staff and stakeholders to identify opportunities to improve upon the current program. **Removing the pre-2011/post-2010 delineation for Fixed Guideway System crediting** is one such fix that we appreciate as it creates more comprehensive crediting across transportation modes, which should be the ultimate goal of the program.

As such, we are discouraged to see proposed changes that would hinder the ability of the program to decarbonize multiple areas within California's broader transportation sector.

- **Returning to exempting fossil jet fuel as a deficit generator**. Staff's initial proposal to regulate fossil jet fuel for intrastate flights within the LCFS program, or about 10% of all fossil jet fuel in the state, was a promising step to address harmful emissions from airports. Per CARB's California Aircraft and Airports Fact Sheet released earlier in the year, there are multiple efforts being made to reduce emissions on several fronts as airports act as mobile source hotspots[1]. The actions and future initiatives from CARB and other relevant bodies remain promising strategies to cut emissions from vehicles and non-aircraft sources, however maintaining status quo on fossil jet fuel is a lost opportunity to begin this critical work. Intrastate flights are a logical starting point, and we urge staff to reconsider.
- **Lack of crediting for zero-emission shipping fuels**. We would also like to incorporate crediting zero-emission shipping fuels. This, paired with simplifying crediting for shore power installations for electric harbor crafts are both necessary actions to reduce emissions from ports, another mobile source magnet. Such updates to the LCFS would

[1] "California's Actions in Reducing Emissions from Airports and Aircraft". CARB (2024). https://ww2.arb.ca.gov/sites/default/files/2024-08/California%20Aircraft%20and%20Airports%20Fact%20Sheet%20-%20July%202024_0.pdf

be on par with commitments from major cargo owners and shipping to transition to zero-carbon shipping fuels by 2040[2]. It is crucial that any hydrogen used in this sector can and should be truly green hydrogen. Green hydrogen should only be considered electrolytic hydrogen produced using truly clean sources of energy (wind, solar, geothermal) and the production must adhere to the three pillars of 1) additionality, 2) hourly matching, and 3) deliverability in order to not risk increasing emissions. We hope to see staff include zero emission shipping fuels to broaden the scope of the LCFS's decarbonization strategy.

Regarding staff's proposal to **remove credit generation eligibility for hydrogen produced using fossil gas as a feedstock effective 2031**, this change is a step in the right direction as we should not be encouraging fossil fuel pathways. We would also like this change to be more comprehensive – the program appears to allow for the crediting of hydrogen produced using biomethane. This feedstock is a combustion fuel like fossil gas, and will behave the same, which makes it nonsensical to differentiate from fossil gas in this setting.

In this amendment process, **it remains key that the LCFS program doesn't further incentivize fuels or feedstocks with known environmental and public health impacts.** Currently, the program rewards fuels with dubious air quality benefits and environmental issues associated with their production. The carbon intensity of some of these fuels does not reflect their true environmental impact, which is something we cannot move forward with if we truly intend to decarbonize the transportation sector. Moreover, inaccurate accounting of these fuels' carbon intensities will continue to skew credit prices.

We strongly encourage staff to reconsider capping lipid-based biofuels at 2020 levels. A 20% limit on the number of credits producers can receive for canola- and soybean- based biofuels is a promising start, and we appreciate staff bringing this solution to the table. This, coupled with new updates to LUC factors, reflects concerns about how ramping up use of biofuels will have impacts deforestation and global hunger as these feedstocks are in greater demand. However, we remain concerned that biofuel production maintains the legacy of harmful emissions for communities adjacent to refineries. The proposed 20% limit on crediting these specific fuel types is a good signal but is not as inclusive as a volume-based cap for all lipid-based biofuels. The latter may provide more opportunities to limit environmental and credit price impacts by being more expansive in its scope.

Avoided methane crediting provides incentives for dairy operations to collect methane, contingent upon lucrative credit sales. Without incentives like this, open venting of methane is the status quo. Not only is this drastically different than other regulated methane-producing industries like oil and gas facilities and landfills, but this can yield a setting in which optimizing credit generation is prioritized. Given that the dairy sector is the largest contributor of methane emissions[3], we should instead be putting greater emphasis on implementing thorough and multifaceted mitigation strategies. Community members who live in proximity to dairy operations

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[2] Leading Cargo Owners Stand Together for Maritime Decarbonization." Cargo Owners for Zero Emission Vessels (2021). https://www.cozev.org/img/FINAL-coZEV-2040-Ambition-Statement_2021-10-18-144834_uorz.pdf

[3] "California Dairy Sector Workshop – August 22nd, 2024". CARB (2024). https://ww2.arb.ca.gov/sites/default/files/2024-08/CARB_Dairy_Sector_Workshop_Staff_Presentation_08-22-2024.pdf

have shared their experiences with air and water quality issues, as well as lasting health impacts. Avoided methane crediting is not the standard for other industries, nor should it be for the sector that contributes the most to California's methane inventory. **Staff's proposed phase-out date for avoided methane crediting is 2040 – this timeline must be expedited to** see immediate benefits for community members, as well as to improve out short-lived climate pollutant management strategy. This distant date is incongruent with our state climate goals as well as commitment to environmental justice.

We also urge staff to undertake the dairy methane rulemaking as soon as possible. While the recent petition to initiate this process was partially denied as CARB staff has more to carry out before starting, this issue is critical. California's commitment to methane mitigation is undeniable, especially in the wake of the Subnational Methane Action Coalition debuted at COP28 last year. To prolong action on regulating dairy sector methane is a missed opportunity to limit emissions from our state's biggest contributor. The recent dairy sector methane workshop indicates a need for a multi-faceted strategy, one that doesn't wholly rely on financial incentives like that of LCFS credits to help us meet our 2030 target.

LCFS has the potential to be an incredibly exhaustive tool in our comprehensive strategy to cut emissions from transportation. The Scoping Plan relies on massive emissions reductions from this sector for California to see substantial progress toward its climate goals - acting on lessons learned throughout the program's history cannot be undervalued.

We appreciate CARB staff's work on this topic as we navigate toward solutions that protect climate justice and have potential to positively impact the credit market. The contents of these 15-day changes are a promising step in this robust rulemaking process. We look forward to making progress on these outstanding issues between now and the scheduled November vote.

Regards,

Gracyna Mohabir
Clean Air and Energy Regulatory Advocate
California Environmental Voters