Noah Verleun
President & CEO

August 27, 2024

VIA ELECTRONIC SUBMITTAL

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Global Clean Energy's Comments on the Proposed 15-Day Changes to the Low Carbon Fuel Standard Regulations

Dear Honorable Members of the California Air Resources Board:

Thank you for the opportunity to provide input on the California Air Resources Board's ("CARB") Proposed 15-Day Changes to the Proposed Amendments to the Low Carbon Fuel Standard ("LCFS") Regulations (the "15-Day Changes").[1] As currently drafted, the 15-Day Changes would cap LCFS credit generation for biomass-based diesel derived from soybean and canola and would provide a much-needed runway to adjust existing feedstock supply plans (see proposed 17 CCR § 95482(i)). As drafted, the current language for the runway to adjust feedstock plans, unfortunately, would not include the new Bakersfield Renewable Fuels Facility ("Bakersfield Facility"), which is just weeks away from production. Over $1 billion has been invested in Bakersfield to transform the brownfield site into a California-made low-carbon fuel hub in the Central Valley.

Global Clean Energy Holdings, Inc. ("GCE"), the parent company of the Bakersfield Facility, respectfully requests a minor amendment to provide the Bakersfield Facility with the same runway being offered to others. This modification would ensure a level playing field and allow the Bakersfield Facility to adjust existing feedstock supply plans. An amendment is vitally necessary to avoid shutting down the new state-of-the-art California clean fuels Bakersfield Facility and to prevent the loss of high-paying jobs in an important SB 535 Disadvantaged Community ("DAC").

A. BAKERSFIELD FACILITY BACKGROUND

For almost twenty years, GCE has been a proud California-based clean energy and renewable fuels innovator. In 2020, we acquired an idled refinery in Bakersfield that had historically produced conventional fuels from crude oil. GCE immediately began retrofitting the

[1] Given the limited 15-day window provided to analyze and prepare written comments on the significant 15-Day Changes, GCE respectfully reserves the right to provide additional comments and supplemental information to CARB for consideration of this important matter.

6451 Rosedale Highway, Bakersfield, CA 93308 310-641-4234 noah.verleun@gceholdings.com

facility to produce renewable diesel with the lowest possible carbon intensity from traditional biofuel feedstocks and camelina, its proprietary oilseed crop that grows on fallow land and does not contribute to land use change or food displacement. This transformation of the Bakersfield Facility will result in long-lasting benefits for the Central Valley, one of California's regions most impacted by local air pollution and the effects of climate change

Over the past four years, more than $1 billion has been invested into transforming the Bakersfield Facility from a brownfield site into a cutting-edge renewable fuels production center. Today, the facility is home to over 200 dedicated employees and contractors, who enjoy average annual pay greater than $100,000, as well as generous healthcare and retirement benefits. Since construction began, GCE has partnered with the State Building and Construction Trades Council of California, bringing together numerous trades from 19 local unions. This collaboration has resulted in nearly four million labor hours over the last four years.

The Bakersfield Facility will exclusively produce renewable fuels in California that will be distributed within the Central Valley and throughout the Golden State. The Bakersfield Facility is directly aligned with LCFS' goals to decrease the carbon intensity of fuels, reduce petroleum dependence, and achieve air quality benefits.

As GCE expands its upstream camelina production, the Bakersfield Facility will initially rely primarily on soybean and canola oil, exceeding the 20 percent cap. Unlike certain biofuel feedstocks that can vary significantly in quality and impact facility performance, vegetable oils like soybean and canola are homogenous and are essential bridge feedstocks to renewable fuels while camelina production is scaled up in the future growing seasons. To ensure a smooth ramp-up, contracts with soybean and canola oil suppliers are already in place. GCE plans to reinvest revenues from LCFS credits generated during the Bakersfield Facility's initial startup phase to create additional jobs in the Central Valley, supporting a just energy transition. These funds will also drive the robust growth of GCE's camelina[2] business, accelerating the shift away from traditional feedstocks like soybean and canola oil.

B. THE IMMEDIATE CAP ON LCFS CREDIT GENERATION FROM SOYBEAN AND CANOLA OIL WOULD SHUT DOWN THE BAKERSFIELD FACILITY

The proposed 15-Day Changes would immediately cap the generation of LCFS credits from soybean and canola oil feedstock at the Bakersfield Facility. This restriction would shut down our Bakersfield Facility before it even commences operations. GCE has made significant

[2] Camelina is part of a new class of crops – intermediate crops – that provide feedstocks for renewable fuel and sustainable aviation fuel without causing land use change. Camelina is grown on existing farm acres during the otherwise idle or fallow period while providing cover crop benefits. Camelina has the potential to receive the lowest carbon intensity of available feedstocks on the market. Camelina-based renewable diesel has an estimated CI score of ~24 (without meal credit) and an estimated CI Score of ~7 (with meal credit).

plans, contracts, and investments based upon the projected ability to initially generate LCFS credits from soybean and canola oil feedstock at its Bakersfield Facility.

The proposed 17 CCR § 95482(i) would limit credits for biomass-based diesel produced from soybean and canola oil up to 20 percent of annual biomass-based diesel upon the regulation's effective date. Proposed section 95482(i) contains a limited runway, or grandfather clause, for companies with existing fuel pathways whose 2022 production from soybean or canola feedstock exceeded 20 percent of combined 2023 LCFS reporting. For these companies, the public notice for the 15-Day Changes would provide a runway for the 20 percent cap to "take effect starting January 1, 2028, to provide time to adjust feedstock supply contracts as needed."

The current language in the proposal, however, would give the Bakersfield Facility no time to adjust feedstock supply contracts and currently would not provide the January 1, 2028, phase-in. While the Bakersfield Facility has been undergoing retrofitting processes, we have entered into significant contracts with soybean and canola oil suppliers to be ready for production this year and respectfully request the same runway being offered to others to avoid a shutdown.

C. PROPOSED SOLUTIONS

With just weeks before the startup of our $1 billion+ Bakersfield Facility, we are respectfully requesting a minor amendment to the proposed soybean and canola oil cap in the 15-Day Changes. This adjustment is necessary to ensure a level playing field and to align with CARB's goals of reducing the carbon intensity of fuels, decreasing petroleum dependence, and improving air quality.

A standardized implementation schedule for 2028 would prevent the shutdown of the Bakersfield Facility and be greatly appreciated. However, extending the implementation of the soybean and canola oil feedstock cap to January 1, 2030, would provide the essential time needed for the growth of ultra-low carbon intensity intermediate crops (also referred to as harvestable cover crops) like camelina. This extension would further support the broader goals of the LCFS by ensuring a sustainable and successful transition.

Since its inception, GCE has been focused on producing the most sustainable, least carbon-intense, lowest-cost renewable fuel possible, without impacting food production or causing land use change. To achieve this goal, we have invested for over fifteen years in the development and cultivation of camelina. Grown on existing dryland farms during idle or fallow periods of the year, camelina cultivation does not impact food security, compete for scarce water resources, or displace food or feed crops. Moreover, growing camelina provides numerous benefits to farmers and soil health, including retaining moisture, minimizing runoff, reducing erosion, and increasing soil organic carbon, among others.

Due to recent efforts to expand the use of regenerative agriculture practices, the planting of intermediate crops like camelina continues to rise. Over the past two years, GCE has cultivated nearly 250,000 acres of camelina on over 1,000 farms. However, we estimate that over 1 million acres will be needed to supply the Bakersfield Facility at full capacity. Expanding to this scale will require additional time to attract and educate new growers, increase the crop's footprint, and account for unpredictable factors such as weather, pests, diseases, and other environmental challenges that could impact production. Given these considerations, GCE respectfully requests that CARB extend the compliance date to January 1, 2030. This extension would accommodate these variabilities and incentivize the production of cleaner, ultra-low-carbon transportation fuels made in California.

Below we present two separate solutions for the Board's consideration.

- **Option 1: Standardize the Soybean and Canola Oil Cap Implementation Schedule for All Facilities**

A simple solution is to provide all facilities using soybean or canola oil as feedstock under the LCFS credit program until January 1, 2030, to comply with the cap—standardizing the implementation schedule and eliminating the inequitable grandfather clause in the proposed 17 CCR § 95482(i). This minor modification would provide time needed to adjust for future compliance and avoids unfairly benefiting certain fuel producers by favoring 2023 feedstock choices, giving them a competitive edge based on a limited historical snapshot. This equitable modification would allow the Bakersfield Facility time to commence operations this year and to provide renewable diesel for California. For the first option, below is suggested amended language to 17 CCR § 95482(i):

> *Biomass-based diesel produced from soybean oil and canola oil is eligible for LCFS credits for up to twenty percent combined of total biomass-based diesel annual production reporting, by company. Any reported quantities of biomass based diesel produced from soybean oil or canola oil in excess of twenty percent on a company-wide basis will be assigned a carbon intensity equivalent to the carbon intensity benchmark shown in Table 2 in Section 95484(e) for the applicable data reporting year, or the certified carbon intensity for the associated fuel pathway – whichever is greater. ~~For companies with biomass-based diesel pathways certified prior to the effective date of the regulation and for which the percentage of biomass-based diesel produced from soybean oil or canola oil was greater than 20 percent of combined reported biodiesel and renewable diesel quantities for 2023 LCFS reporting, t~~ This provision takes effect beginning January 1, 2030~~28~~.*

- **Option 2: Adjust the Soybean and Canola Oil Cap to 2030 for Facilities Registered Under 40 CFR Part 80**

The U.S. Environmental Protection Agency's regulations found at 40 CFR Part 80 regulate fuels and fuel additives under the federal Renewable Fuel Standard. In order to qualify for RINs credits, facilities must be registered under 40 CFR Part 80. In lieu of a certified LCFS fuel pathway, which can take over a year to obtain, and which the not-yet-operational Bakersfield Facility does not possess, we propose that facilities producing renewable diesel that are currently registered under 40 CFR Part 80 be granted until 2030 to comply with the proposed soybean and canola oil cap. Here is suggested amended language to 17 CCR § 95482(i) for this second option:

> *Biomass-based diesel produced from soybean oil and canola oil is eligible for LCFS credits for up to twenty percent combined of total biomass-based diesel annual production reporting, by company. Any reported quantities of biomass based diesel produced from soybean oil or canola oil in excess of twenty percent on a company-wide basis will be assigned a carbon intensity equivalent to the carbon intensity benchmark shown in Table 2 in Section 95484(e) for the applicable data reporting year, or the certified carbon intensity for the associated fuel pathway – whichever is greater. For (i) companies that have an approved registration under 40 CFR Part 80 or (ii) companies with biomass-based diesel pathways certified prior to the effective date of the regulation and for which the percentage of biomass-based diesel produced from soybean oil or canola oil was greater than 20 percent of combined reported biodiesel and renewable diesel quantities for 2023 LCFS reporting, this provision takes effect beginning January 1, 2030~~28~~.*

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D. CONCLUSION

Thank you again for the opportunity to provide comments. GCE respectfully urges CARB to amend the proposed soybean and canola oil feedstock cap runway timing to avoid shutting down the Bakersfield Facility, as it commences operations. We are available any time and would appreciate the opportunity to meet to quickly discuss solutions. Thank you for your consideration of this critical matter—we look forward to working together on the resolution.

Sincerely,

Noah Verleun
President & CEO

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