

September 19, 2022

Cheryl Laskowski
California Air Resources Board
1001 I St.
Sacramento, CA 95814

RE: Comments on the August 18, 2022, Public Workshop on Potential Changes to the LCFS

Dear Ms. Laskowski,

The undersigned companies appreciate the opportunity to comment on the August 18, 2022, Public Workshop to Consider Potential Changes to the Low Carbon Fuel Standard (LCFS) and would like to provide the following comments.

It is very encouraging to see CARB staff responding to stakeholder concerns regarding the treatment of hydrogen in the LCFS. Developing a Tier 1 Hydrogen Calculator would enable accurate and streamlined accounting of low carbon hydrogen as well as maximize the use of hydrogen feedstocks in renewable fuels. Furthermore, and most importantly, a Tier 1 Hydrogen calculator will significantly simplify CARB staff's job in reducing the number of pathways that they need to approve.

Traditionally, CARB staff has viewed hydrogen only as a process energy, or a utility, and not as a feedstock. Hydrogen is unique in the sense that it can be used as both an energy input/utility and as a fuel feedstock. Some hydrogen is used as process energy, and CARB has created a process that enables CI scoring of hydrogen when it is used in this way. However, when hydrogen is used as a feedstock, the molecule is fed into the refinery with other feedstocks, a portion of which comes out as an energy-conveying chemical constituent of a finished fuel for vehicles. Producers of renewable diesel and sustainable aviation fuel, for example, add hydrogen to the distillation process to maximize the conversion of other feedstocks into usable fuels.

Fuel producers face a choice of using renewable hydrogen with a low carbon footprint, or fossil hydrogen with a low cost but a high carbon footprint. Hydrogen produced from fossil fuel is less expensive to produce and buy compared to cleaner alternatives, and without a market signal from the LCFS, market competition will compel companies to use the cheaper alternative. A Tier 1 Hydrogen Calculator can solve this problem in addition to maximizing credit generation as producers switch between different supplies of hydrogen.

The LCFS is perhaps the most well-designed program in the world for directing market forces to aggressively pursue carbon emission reductions. The program's technology-neutral market signal has produced innovative and rapid carbon intensity reductions. That approach has made the LCFS a critical and successful tool in achieving California's long-term climate goals, and an example for other jurisdictions to follow. We strongly urge CARB to continue to develop this concept further and ask staff to hold a workshop devoted to this topic in the near future.

Thank you for the consideration of our comments, and we look forward to engaging with staff on this important topic.

Sincerely,

