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SUBMITTED ELECTRONICALLY

October 16, 2024

Liane Randolph
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments on the California Air Resources Board's (CARB) Proposed Second 15-Day Changes to the Proposed Amendments to the Low Carbon Fuel Standard (LCFS)

Dear Chairwoman Randolph and Honorable Board Members:

Marathon Petroleum Company LP (MPC) appreciates the opportunity to provide comments on CARB's Proposed Second 15-Day Changes to the Proposed Amendments to the LCFS.

MPC is a wholly owned subsidiary of Marathon Petroleum Corporation, a leading, integrated, downstream energy company headquartered in Findlay, Ohio. MPC is a supplier of fuels in the State of California and, both directly and through its subsidiaries, invests in low-carbon solutions to meet the energy demands of today and into the future. MPC's commitment to low-carbon solutions is reflected in the successful conversions of its Dickinson, North Dakota and Martinez¹, California petroleum refineries into renewable fuel production facilities. Combined, these two operating facilities are expected to produce up to 2.5 million gallons per day of renewable transportation fuel from renewable feedstock sources with an aggregate life-cycle carbon intensity that is approximately 60 percent less than petroleum-based fuels.

The proposed Second 15-Day changes outline CARB's intent to apply a penalty to biomass-based fuels that fail to meet the Sustainability Requirements for Biomass (Sustainability Requirements) in Section 95488.9(g) and clarifies the application of the credit limit for biomass-based diesel produced from soybean, canola, and sunflower oil. With this letter and opportunity to comment, MPC is providing recommendations that it believes are critical to ensure the LCFS maintains a market-based focus, provides a stable investment signal, and incentivizes new, low-carbon technology used in the transportation fuel sector.

MPC's recommendations on the Second 15-Day changes are listed below. Additional discussion and support for these recommendations are provided in the subsequent sections.

- MPC again recommends the proposed Sustainability Requirements in Section 95488.9(g) be delayed by at least two (2) years.

¹ Martinez Renewables LLC is a 50/50 joint venture between affiliates of Marathon Petroleum Corporation and Neste Corporation.

- MPC recommends CARB confirm the effective date for certified biomass-based diesel pathway holders under Section 95482(i).

The Sustainability Requirements CARB continues to propose will constrain the renewable fuel supply chain. Producers and suppliers of renewable fuels rely on this supply chain to deliver emission reductions within California’s transportation sector.

As MPC stated in its comments^{2,3} to the First Proposed Amendments to the LCFS and the First 15-day Amendments to the LCFS, the Sustainability Requirements will introduce unnecessary financial and logistical burdens on the feedstock supply chain. While CARB has acknowledged in the Second 15-day changes that the Annual Fuel Pathway Reports (AFPR) for the Fuel Pathway Requirements⁴ of 2026 will be submitted in 2027, this clarification does not change the fact that renewable fuel producers will need to know whether farmers can provide the required information well before the beginning of the 2026 compliance year. The producer, not the farmer or the feedstock supplier, must attest to the veracity of the information supplied. Thus, producers will need to perform due diligence to ascertain that the geographical shapefiles or coordinates of plot boundaries align with the farmland from which crop-based feedstocks came and that the farmer followed all local, state and federal permits and laws. Producers, however, do not contract directly with farmers, so producers will have to work with the feedstock suppliers to obtain this information. Given the severe penalty for failing to have this information, producers will want to ensure that this information is available before feedstock is purchased.

Section 95488.8(g)(4) penalizes producers of renewable diesel and ethanol that fail to meet the Sustainability Requirements by assigning a carbon intensity (CI) equal to the CI of the fuel’s petroleum counterpart, ULSD or CARBOB. Until the feedstock supply chain can provide the necessary information, producers may choose to reduce the risk of supplying deficit-generating biomass-based fuel by minimizing the volume of biomass-based fuel supplied in California. Demand for liquid fuels will remain in California, and any reductions to the biomass-based fuel supply will be supplemented with petroleum fuels. This is particularly troubling as ethanol is produced from crop-based feedstocks, and CARB gasoline cannot meet specifications without the use of ethanol.

As MPC highlighted in its comments to the July 7, 2022, LCFS workshop⁵, land use in the United States is tracked to ensure it stays below the 402 million acres aggregate baseline the RFS monitors to protect against adverse land use changes resulting from converting agricultural feedstocks into fuel. As shown in Figure 1, land use in the U.S. for agricultural feedstocks used to produce fuel has declined over time, minimizing the need for overly complex and punitive additions to the LCFS program such as the Sustainability Requirements.

² MPC comments to CARB’s 45-day package.

<https://www.arb.ca.gov/lists/com-attach/6890-lcfs2024-B2RXMFwvWWgKU1c7.pdf>

³ MPC comments to CARB’s 1st 15-day package.

<https://www.arb.ca.gov/lists/com-attach/7466-lcfs2024-VzoHcQFjAg5VMABv.pdf>

⁴ Existing certified pathways as noted in §95488.9(g)(5)(A), (6)(A), (7)(A)

⁵ MPC comments to CARB’s July 7, 2022, LCFS workshop. <https://www.arb.ca.gov/lists/com-attach/35-lcfs-wkshp-jul22-ws-WjcCdFU3V1sEYVU6.pdf>

Figure 1.

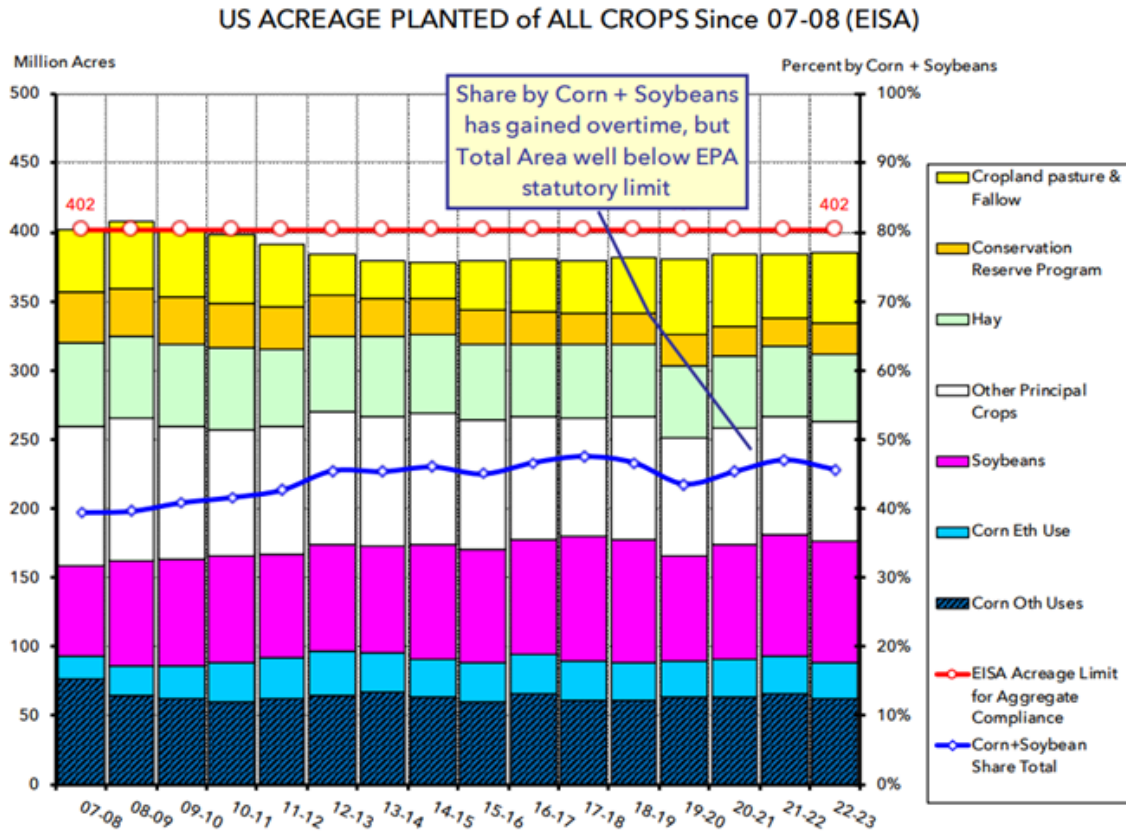


Figure 1 produced and provided by [PRX](#), utilizing data from the [USDA](#) and

For these reasons, MPC recommends that CARB delay the Fuel Pathway Requirements of 2026, 2028, and 2031 by two (2) years each to give the supply chain time to develop systems that ensure biomass-based fuel produced from crop-based feedstocks meet the Sustainability Requirements. At a minimum, MPC recommends CARB not apply a penalty to the 2026 criteria, as this would prevent any near-term unintended risk of the Sustainability Requirements reducing the amount of renewable diesel and ethanol supplied in California.

CARB’s changes to Section 95482(i) help explain how CARB intends to apply a credit limit, but confirmation is needed with respect to the effective date for certified biomass-based diesel pathway holders.

MPC thanks CARB for the clarifications made in Section 95482(i) regarding the types of transactions to which the proposed credit limit may apply. However, the additional changes made in §95482(i) require further clarification, specifically the following statement:

“For companies which have submitted a biomass-based diesel pathway certification application under CA-GREET 3.0 or which have a certified biomass-based diesel pathway

prior to the effective date of this regulation, this provision takes effect beginning January 1, 2028.”

MPC understands these changes would allow companies with a biomass-based diesel pathway that is certified prior to the effective date of the amended LCFS regulation to obtain an updated or new certified biomass-based diesel pathway at the same facility without the credit limit applying to transactions associated with the updated or new pathway. A company may request an updated or new pathway to reflect process changes made at a facility (with a previously certified biomass-based diesel pathway) that reduce CI or enable the use of different alternative feedstock supplies, such as waste oils, animal fats, or other renewable biomass. MPC requests that CARB confirm a company with an existing certified biomass-based diesel pathway can apply for an updated or new pathway at the same facility without subjecting the updated or new pathway to the credit limit.

Thank you for the opportunity to comment on these subjects. If you have any questions about anything discussed here, feel free to reach out to me at bcmcdonald@marathonpetroleum.com.

Sincerely,



Brian McDonald
Marathon Petroleum Company LP | West Coast Regulatory Affairs Advisor

Cc: Rajinder Sahota, Deputy Executive Officer, Climate Change and Research
Matthew Botill, Division Chief, Industrial Strategies