



March 13, 2023

Dr. Cheryl Laskowski
California Air Resources Board
1001 I Street
Sacramento, CA 95812

RE: Comments of Diamond Green Diesel LLC on February 2023 CARB LCFS Revisions Workshop

Dear Dr. Laskowski:

Diamond Green Diesel LLC ("DGD"), a joint venture between subsidiaries of Darling Ingredients Inc. and Valero Energy Corporation, submits these comments regarding the proposed LCFS revisions in development, as discussed most recently at a workshop on February 22, 2023.

DGD is the leading producer of renewable diesel in the United States, and we are currently the largest producer of renewable diesel in the world. As of November 2022, we commissioned our newest facility, a 470 million gallon per year plant located in Port Arthur, Texas, bringing our total production capacity to approximately 1.2 billion gallons annually. On January 31 of this year, we announced a project to upgrade approximately half of the new Port Arthur facility's production capacity to produce sustainable aviation fuel (SAF). Upon commissioning this project in 2025, we are poised to become one of the largest SAF producers in the world.

As the nation's leading producer of renewable diesel and a trailblazer in SAF production, we are proud to have played a leading role in helping California achieve the LCFS's goal of achieving significant reductions in the carbon intensity of the transportation fuel pool. Our growth owes much to the strong market signals created by the LCFS, and we look forward to helping CARB continue to improve the program so that it can remain the premiere market-based regulatory program supporting innovation in low-carbon fuels. With that goal in mind, we offer the following comments.

Increasing stringency of 2030 carbon intensity targets

DGD agrees with CARB staff's suggestion that a near-term step-down in the stringency of the compliance targets for 2030 would reinforce the market signals to support ongoing investment. In the wake of recent regulatory developments such as the 2022 Scoping Plan revisions and the proposed Advanced Clean Fleets rule, adjusting the targets would signal continuing commitment to the LCFS program. Setting more aggressive LCFS targets for the near term is entirely feasible and will help to

reinforce the market signals to support continued investment in development of low-carbon liquid fuels. Accordingly, DGD supports staff's proposal to increase the 2030 carbon intensity targets to at least 30%.

Step-down/Acceleration Mechanisms

Regarding CARB's suggestion to introduce some mechanism to adjust the carbon intensity targets and/or to accelerate compliance dates in response to a pre-established condition, if the self-adjustment also has the ability to decrease the stringency of the program, we believe additional public consultation is needed to ensure such an amendment would not result in a system that is prone to market manipulation. In order to provide a level playing field, the mechanism must be designed to be technology-neutral; in other words, the mechanism should not be designed to ratchet targets only for certain sectors or fuel types, nor should the mechanism be triggered by a desire to stimulate investment in a specific area. Further, to maintain stability and transparency, the mechanism should be based on objective criteria involving publicly available data over six months or longer.

Feedstock Considerations

DGD does not support the concept of a crop-based cap on biofuels and agrees with other commenters who have questioned the necessity for and the practicality of enforcing such a measure. As a factual matter, DGD notes that distillers' corn oil (DCO) used to make renewable diesel is unsuitable for human consumption and should not be subject to any sort of crop-based limitation. Similarly, DGD supports CARB's recommendation to continue classifying white grease as a waste feedstock.

Use of Current, Representative eGRID Data to Support Tier 2 Pathway Applications

Finally, as part of the next set of LCFS revisions, DGD urges CARB to clarify that Tier 2 pathway applications may be supported by emission factors that are current and accurately reflect the time period covered by the application. As discussed in detail in a July 1, 2021 letter from Darling Ingredients Inc. (see Attachment A), it is unfair, arbitrary, and inconsistent with the intent of the LCFS regulation to require use of outdated CA-GREET 3.0 electrical generation data as the basis of Tier 2 pathway applications when more current and representative emission factors are available.

Therefore, DGD requests that CARB amend 17 CCR 95488 as follows:

95488.6(a)(1)(C).... All applicants using grid electricity must choose electrical generation energy mixes from among the subregions in CA-GREET3.0 and the simplified CI Calculators, if applicable. The options include the 26 subregions defined in the U.S. EPA's Emissions and Generation Resource Integrated Database **consistent with the most recent update to the California average grid electricity used as transportation fuel, with year 2014 data (eGRID2014v2, released on February 27, 2017)**, and a national grid mix for Brazil and Canada.

95488.7(a)(2)(A)7 All applicants using grid electricity must choose electrical generation energy mixes from among the subregions in CA-GREET3.0, if applicable. The options include the 26 subregions defined in ~~eGRID 2014v2~~ **the U.S. EPA's Emissions and Generation Resource Integrated Database consistent with the most recent update to the California average grid electricity used as transportation fuel**, and a national grid mix for Brazil and Canada.

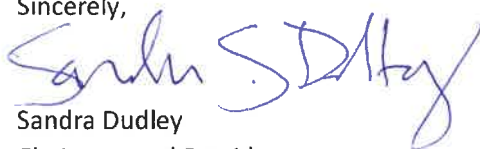
Administrator Michael S. Regan
U.S. Environmental Protection Agency
February 10, 2023
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Schedule for adoption

DGD supports CARB's efforts to progress the LCFS revisions expeditiously so that the revised requirements take effect beginning in 2024.

We greatly appreciate your consideration of our comments. If you have any questions or would like to discuss any of the points discussed in this letter, please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sandra S. Dudley", is written over the typed name.

Sandra Dudley
Chairman and President

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