



October 14, 2024

Air Resources Board
1001 I Street
Sacramento, CA 95812

Crimson Renewable Energy would like to first say thank you for the opportunity to comment on the second 15-day package (2nd 15-day Notice) for the Low Carbon Fuel Standard (LCFS) that was published on October 1, 2024. Additionally, we greatly appreciate the efforts of CARB staff on the LCFS and its engagement with stakeholders in moving forward to meet California's carbon / GHG reduction goals.

Crimson Renewable Energy operates the largest biodiesel production facility in California, creating ultra-low carbon biodiesel to refuel our communities. Via its biodiesel production facility in Bakersfield that has been operating since 2011, Crimson contributes over \$100 million a year to the California and local economy and makes a meaningful contribution to cleaner air in the San Joaquin Valley via cleaner burning biodiesel that offers lower emissions of particulate matter and other harmful air contaminants. Thus, Crimson has been an active stakeholder and direct participant in the LCFS since the beginning of the regulation and continues its long-standing support of California's overall climate and air quality improvement goals

Introduction and Reiteration of Prior Comments

On October 1, 2024, CARB released a second 15-day package that included new proposed amendments to the LCFS following earlier proposals released in December 2023 (the Initial Statement of Reason) and August 2024 (1st 15-day notice).

Earlier in 2024, in response to the Initial Statement of Reason and the first 15-day notice Crimson submitted comments that included support of comments made by the Clean Fuels Alliance America (CFAA) and California Advanced Biofuels Alliance (CABA). These combined comments are summarized as follows:

- 1) Strengthen the CI reduction targets.
- 2) Introduce sustainability provisions for crop-based biofuels and the lack of much-needed updates to the indirect land use change model (GTAP).
- 3) Remove the exemption for fossil jet fuel.

- 4) Strong support of the proposed carbon intensity (CI) targets, including the 9% stepdown in 2025.
- 5) Strong opposition to the proposed 20% limit on credit generation from biodiesel and renewable diesel made from soybean and canola oil.
- 6) The Auto Correct Mechanism (ACM) should be based on the most recent trailing 12-month data, not annual reporting period data, and that once the ACM has been triggered, the accelerated carbon reduction requirements should take effect for the next upcoming reporting quarter
- 7) Continued concern over the sustainability provisions and CARB's unwillingness to update GTAP over the past decade despite our repeated requests.

To the extent these comments and concerns have not been addressed in this rulemaking, Crimson continues to reiterate the above comments.

Limits on Biomass- based Diesel Produced from Vegetable Oils

Crimson is very concerned about arbitrary limits being placed on credit generation from biomass-based diesel produced from vegetable oil feedstock without any technical or scientific reasoning for enacting such limitations, or the proposed timeline. CARB's own analysis has shown that placing such limitation on the use of certain biofuels in LCFS will lead to increased GHG, particulate matter and other pollutants, which ultimately leads to higher societal healthcare costs¹. Additionally, the CARB staff report suggested focusing credit generation limits on feedstocks from "High Risk" non-North American regions. The proposed limits are clearly not doing this and instead creating limitations on biofuel production that would utilize North American crops, even though there is no clear evidence of significant land use change in North America as a result of LCFS. Crimson urges CARB to instead apply such limits on crop-based biofuels in a more rational manner that targets the "High Risk" regions in terms of potential for adverse land use change.

Accordingly, Crimson supports the recommendations from CABA to (a) modify the limits on credit generation in section 95482(i) and the sustainability provisions in section 95488.9(g) to only apply to non-North American agricultural lipid feedstocks, with the credit limit to be applied as follows: 50% in 2028 and 25% in 2031, or (b) alternatively, direct CARB's Executive Officer (using their enforcement discretion authority) to apply the credit limit only to non-North American agricultural lipid feedstocks.

Calculation of Deficit Obligation for Verified CI Exceedance

Crimson supports Clean Fuels Alliance America (CFAA) and California Advanced Biofuels Alliance (CABA) comments requesting the Board to direct CARB staff to remove the language in

¹ <https://ww2.arb.ca.gov/sites/default/files/2024-04/LCFS%20April%20Workshop%20Slides.pdf>

§95486.1(g)(1) requiring deficits to be four times the CI (carbon intensity) exceedance. This amount is excessively punitive. Provisions already exist in the LCFS regulation to address misconduct and to recalculate credits once final data is available via the Annual Fuel Pathway Report (AFPR) and Quarterly Fuel Transactions Report (QFTR).

Carbon intensity (CI) is a complex calculation and is impacted by many variables. Certified pathway holders calculate CIs from 24-months of data, which serves to include significant feedstock and energy and chemical utilization that determine CI. However, all biofuel production facilities have process variability that will affect energy and chemical utilization, and thus impact the actual CI. The reality of biofuel production operations is that there is always process variability that is less predictable, and this variability may result in a CI that very slightly exceeds the pathway CI and/or the prior annual fuel pathway verified CI. This should not result in automatic and harsh penalties.

CARB has not provided justification or need for such an excessive penalty provision in the LCFS. CARB's enforcement and penalty authority already give CARB the ability to address wrongdoing and already give CARB the latitude to apply harsh penalties where that may be justified. By making the harsh penalty automatic, it removes CARB's ability to remedy situations on a case-by-case basis.

Requirements for Feedstock Attestation Letter

The requirements in section § 95488.8 (g)(D) unnecessarily duplicate responsibilities already on the fuel pathway holder and impose onerous requirements on supply chain participants that may have no willingness or need to participate in the LCFS program. This requirement should be removed.

The requirement that every single node in the specified source feedstock supply chain provide such a letter is unreasonable. For example, the supply chain may include storage sites that are nothing more than a storage tank owner who leases space to a feedstock vendor/aggregator/trader. That owner has no knowledge of LCFS, is not otherwise obligated in any way with respect to compliance with LCFS regulation and would need to hire expensive legal counsel to evaluate the obligations they would be attesting to. Such feedstock supply chain participants will refuse to sign the letter and/or at the earliest opportunity, consider alternative options to renting tank space for feedstock storage that now incurs an additional obligation for regulations that do not otherwise apply to them. This is just one example of supply chain participants opting out from supplying low-carbon feedstocks for biofuel production that for California consumption.

The market has already experienced limitations on specified sources that limit low carbon feedstock availability due to feedstock vendors' unwillingness to submit to existing LCFS verification requirements. The unwillingness is not related to the inability to adhere to program requirements but is because the vendors have alternate markets (e.g. animal feed) without onerous LCFS requirements. Adding additional requirements such as a feedstock attestation

from each specified source feedstock supply chain will materially degrade the availability of low carbon feedstocks for credit-generating fuels. Thus, Crimson respectfully requests CARB to remove the unnecessary requirements in § 95488.8 (g)(D).

Tailpipe Emissions in GREET 4.0

The GREET 4.0 model Biodiesel Simplified Calculator includes an updated Tailpipe Emissions value in the Pathway Summary sheet cell F33 (linked to CA-GREET 4.0 cell E28. In GREET 3.0 this value was 0.76. CARB's CA-GREET4.0 Supplemental Document states, "The tailpipe emission factors for biodiesel, renewable diesel, and alternative jet fuel are derived from CA-GREET3.0." If that is the case, the GREET 4.0 model should use the 0.76 value.

Sincerely,

Harry Simpson
President & CEO
Crimson Renewable Energy