Airlines for America®
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October 16, 2024

Submitted electronically at:
https://ww2.arb.ca.gov/applications/public-comments

California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: Airlines for America® Comments on Proposed Low Carbon Fuel Standard Amendments posted October 1, 2024

I. Introduction

Airlines for America® (A4A), the principal trade and service organization of the U.S. airline industry,[1] appreciates the opportunity to provide comments to the California Air Resources Board (CARB) following the posting of Second Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information regarding Proposed Low Carbon Fuel Standard Amendments.[2]

These comments supplement our statements provided in written comments on the proposed amendments submitted on February 20, 2024. In those comments we stated that a different approach is necessary for CARB and the aviation industry to achieve our mutual objectives to expand SAF use in California. CARB subsequently issued a 15-Day Changes to Proposed Regulation Order which withdrew the proposal to eliminate the jet fuel exemption and retain the existing opt-in approach for SAF under the CARB LCFS Program. A4A supported CARB's withdrawal of the proposal to eliminate the jet fuel exemption and it's retention of the existing opt-in approach for SAF under the CARB LCFS Program as proposed in this new "15-Day" proposal.

The U.S. airline industry is committed to reducing its climate impact and achieving net zero carbon emissions by 2050. Transitioning to SAF is core to this commitment, and we have pledged to work with governments and other stakeholders to make three billion gallons of SAF available in the United States by 2030. Individual airlines have also adopted specific SAF targets and goals to send a clear market signal for affordable SAF. Achieving these goals requires new and additional policy incentives, streamlined permitting processes, and close collaboration among airlines, the fuels industry, manufacturers, environmental organizations and governments, among others.

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[1] A4A's members are: Alaska Airlines, Inc.; American Airlines Group Inc.; Atlas Air, Inc.; Delta Air Lines, Inc.; Federal Express Corporation; Hawaiian Airlines, Inc.; JetBlue Airways Corp.; Southwest Airlines Co.; United Airlines Holdings, Inc.; and United Parcel Service Co. Air Canada, Inc. is an associate member.

[2] These comments supplement and incorporate A4A's comments on the LCFS submitted on January 7, 2022, August 8, 2022, March 15, 2023, February 20, 2024, May 10, 2024 and August 27, 2024.

With respect to SAF, California has established itself as an early leader in attracting investment, production, and use of SAF through the existing LCFS Program, which provides an opt-in credit for SAF that not only incentivizes SAF production but also helps reduce the price difference between SAF and conventional jet fuel. We look forward to working with CARB on measures that will rapidly expand availability and deployment of SAF in California.

Aviation accounts for 2.6% of the U.S. greenhouse gas emissions but 5% of U.S. Gross Domestic Product (GDP) and 4.1% of California's GDP, thus having an outsized economic impact relative to its share of emissions. There are more than 380,000 employees of U.S. commercial aviation firms based in California, with an overall economic impact of $194 billion[3]. Aviation is critical to driving California's economy and its rank as the fifth largest economy in the world, enabling $114 billion in annual trade flows and underpinning many of the rest of California's biggest economic drivers such as agriculture, tourism, manufacturing, banking, technology and small business. Ensuring a healthy and vibrant aviation industry is essential to California's future, and leveraging CARB's early leadership on SAF can enable California leadership in the emerging SAF production industry, creating new jobs and economic development opportunities.

A4A supports the revised proposal that does not add jet fuel to the list of regulated fuels under the LCFS program. In our prior comments to the initial December 19, 2023 Proposed Amendments to the CARB LCFS Program we expressed concerns with CARB's proposal to remove the exemption for jet fuel under the program. CARB's Initial Statement of Reasons (ISOR) stated the purpose and intent of was to increase the production and use of SAF in California. We disagreed with the assessment that the proposal would achieve the desired result, and asserted that making jet fuel an obligated fuel under the LCFS program would not, by itself, result in increased SAF production, availability and use in California. We are pleased that after further analysis CARB has reached a similar conclusion, and that that conclusion has been retained in the subject revised 15-day proposal.

As we stated in prior comments, the primary impediment to increased SAF production and availability in California and elsewhere remains the higher cost of SAF for producers and buyers relative to conventional jet fuel and renewable diesel. Because of the relative economic advantages of renewable diesel compared to SAF, fuel producers will continue to prioritize renewable diesel production instead of SAF. We share CARB's objective to increase the use of alternative jet fuel in the State. To significantly increase SAF production, availability, and use of SAF in California, one must address the economic disadvantages of SAF production relative to Renewable Diesel.

The existing opt-in crediting model under the LCFS, combined with U.S. federal incentives provides the foundation for an effective approach for increasing SAF production, use and availability in California. With further collaboration and partnership, we see the potential to dramatically increase the production and use of SAF in California and other jurisdictions and are interested in identifying new opportunities to work together. We look forward to opportunities to work together with CARB and other SAF stakeholders to explore policy and non-policy interventions that have the potential to achieve this mutual objective.

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[3] The Economic Impact of Civil Aviation on the U.S. Economy, State Supplement, US Department of Transportation, November 2020

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Thank you for your consideration of our comments. Please do not hesitate to contact us if you have any questions.

Sincerely,

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