



November 7, 2024

The Honorable Liane M. Randolph, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Chair Randolph and Board Members,

The Low Carbon Fuels Coalition is writing in support of the Low Carbon Fuel Standard (LCFS) amendments before the Board on Friday, November 8. While we have previously shared concerns for specific provisions on the record during the rulemaking process, specifically those that move further away from the technology neutrality that has been a hallmark of the LCFS program's success, these amendments ultimately strike a balance to accelerate progress toward California's ambitious climate goals and restore investor confidence, while minimizing LCFS program cost and potential impact on California drivers.

On the other hand, failing to pass these amendments can endanger the long-term viability of the LCFS program by stalling momentum in reducing carbon emissions and failing to send the long-term market signal needed to generate investments.

The LCFS has ***significantly outpaced its targets***, currently achieving carbon intensity reductions ***more than 3 years ahead of schedule***¹ and at ***much lower cost than anticipated***. For consumer price impacts, proscriptive estimates by the California Air Resources Board (CARB) and various others projected up to \$1.80/gallon in advance of previous rulemakings. The actual current assessment is 10 cents/gallon.²

The media and public advertising barrage of competing claims on the cost of the LCFS program and the price that consumers pay have overshadowed some fundamental realities:

¹ CARB Data Dashboard at <https://ww2.arb.ca.gov/resources/documents/lcfs-data-dashboard>

² California Energy Commission published data at <https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/california-oil-refinery-cost-disclosure>



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- A definitive study on consumer price impacts by Bates White showed that there is ***no correlation between LCFS program credits prices and retail gas prices***³. An FAQ from CARB updated this analysis to show that this lack of correlation has continued.⁴
- The primary drivers of gas prices are the cost of petroleum, followed by fuel taxes and fees added directly to price of a gallon at the pump
- LCFS and Cap and Trade combined compliance costs have remained consistent over time, ***consistently increasing carbon reductions for the same cost***⁵
- ***The LCFS has diversified the fuel market, which has created price competition to ease the burden on drivers.***⁶ For example, renewable diesel is regularly cheaper at the pump than petroleum diesel and can be used in existing vehicles, which has resulted in ***replacing almost ¾ of the diesel in California with renewable and waste sources***; ethanol has been up to \$2.50/gallon cheaper than gasoline for flex-fuel vehicles that can use E85; home charging for EVs is significantly cheaper per mile.
- ***The overall compliance cost of the LCFS is minimized by a more flexible and fuel technology-neutral approach to decarbonization.***
- As presented in CARB's April 10 workshop, a more restrictive program that reduces opportunities for credit generation by limiting viable and affordable low-carbon fuels ***achieves fewer carbon reductions, raises health effects and associated costs, relies more heavily on petroleum-based fuels, and raises the cost of the program overall***⁷
- In turn, ***a more restrictive and costly LCFS program increases both the likelihood and potential magnitude of consumer price impacts***

³ Study at <https://www.lcfcoalition.com/s/Bates-White-LCFC-Report-Updated-20220421.pdf>

⁴ CARB FAQ at https://ww2.arb.ca.gov/sites/default/files/2024-10/LCFS_Fuel_FAQ.pdf

⁵ See Environmental Defense Fund graph based on California Energy Commission data at <https://blogs.edf.org/climate411/2024/10/31/growing-costs-of-climate-emergency-demand-ambitious-policy-not-business-as-usual/>

⁶ See Bates White report

⁷ Slides 23, 29 and 31 at <https://ww2.arb.ca.gov/sites/default/files/2024-04/LCFS%20April%20Workshop%20Slides.pdf>



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Particular given the outcome of the election on Tuesday, the state of California is at a pivotal moment in the fight against the increasing effects of climate change. The LCFS program is a lynchpin to decarbonize transportation in order to achieve the goals established under AB32. The program has ***significantly exceeded expectations for greenhouse gas reductions***, and done so ***at far less than anticipated cost***.

To continue and build on this success, the Low Carbon Fuels Coalition respectfully urges a **Yea** vote to pass the amendments.

Sincerely,

A handwritten signature in blue ink, reading "R. Vercruse". The signature is stylized with a large, looped initial "R" and a cursive "Vercruse".

Robin Vercruse
Executive Director
Low Carbon Fuels Coalition