BOARD OF SUPERVISORS

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

RE: Proposed Amendments to the Low Carbon Fuel Standard Regulation - OPPOSE

Dear Chair Randolph and CARB Board Members,

I am writing on behalf of the Kern County Board of Supervisors to express our serious concerns with the proposed "Second 15-Day Changes" to the Low Carbon Fuel Standard (LCFS) regulations.

Specifically, we are perplexed by the seemingly arbitrary requirements to limit LCFS crediting to hydrogen that is at least 80% renewable starting in 2030 and the prohibition of blue hydrogen from generating credits beginning in 2035. The proposed changes outlined in Section 95482(h) will add unnecessary complexity and limit cost-effective decarbonization options for the state. Furthermore, the changes are likely to create market uncertainty for hydrogen suppliers and discourage investment in future projects that are critical to Kern's economic development strategy.

Kern has been integral in helping the state achieve its current levels of renewable energy generation. We have sited and permitted over 21,000 MW of renewable wind and solar and over 17,000 MWh of lithium battery storage. The County has also invested in Department of Energy LEAP grants in an effort to diversify our economy and advance the state's ambitious climate goals. Last week, our Board approved California's first ever carbon capture and storage (CCS) project which included a final environmental impact report containing hundreds of conditions and mitigation measures to ensure the safety of our community. These projects highlight Kern's strategic initiative and forward thinking aimed at attracting clean energy industries to our county, including hydrogen.

The proposed change to prohibit credits for blue hydrogen by 2035 completely ignores the time it takes to construct projects in California due to CEQA. As it stands today, this type of project would not be operational until 2027 at the earliest, leaving only eight years for a project to make use of the credits. Such a short timeframe essentially makes these types of projects uneconomical. Current projections suggest that hydrogen fuel for heavy trucks is not expected to achieve 80-100% of market share until at least 2050, with no assurances that even those target goals can be achieved. Green hydrogen is operationally unproven and requires accessory solar installations that make siting these projects a challenge.

In addition, limitations on electricity connections and the use of solar owned by large-scale commercial producers need to be addressed by the California Energy Commission, California Independent System Operator, and California Public Utilities Commission to make green hydrogen a viable option. These regulatory agencies must engage in rulemaking on these critical issues if green hydrogen is to play a role in the state's energy transition plan.

A more appropriate approach to the hydrogen dilemma would be to *scale up* the period for blue hydrogen crediting to at least 2045 to better align with the state's renewable energy production goals. With review under CEQA and full mitigation of criteria pollutants down to "no net increase" through capture and permanent storage of CO_2, these projects could make tangible impacts *right now* while the issues hampering green hydrogen are ironed out. The 2035 sunset is a departure from a technology-neutral, market-based approach and sends a clear message to investors that California's regulatory agencies may arbitrarily change rules and negatively impact the investment landscape. Investors need certainty. This change will inevitably and unnecessarily strand existing assets and deter future investments. The LCFS should continue to preserve consumer choice by providing a level playing field for all technologies, embracing fuel- and technology-neutral principles that focus on the meaningful and timely reduction of greenhouse gas emissions.

Here at home, Kern is doing its part to keep the lights on for Californians and find solutions that will help the state achieve its long-term climate goals. The impending loss of close to $80 million per year that the local oil and gas industry contributes directly and indirectly to our bottom line cannot be ignored. These revenues provide essential services and contribute to the overall quality of life our residents expect and deserve. We're looking for common sense policies from our state government and regulatory agencies that promote economic diversification and prosperity, not prevent it before it even begins. Your Board has an opportunity to make sure that happens.

For these reasons, the Kern County Board of Supervisors respectfully opposes the proposed changes outlined in Section 95482(h) and asks CARB to delay this vote to allow your staff, interested stakeholders, and the public more time to analyze the long-term economic impacts these policies will have on California. There simply needs to be more time and opportunity to properly vet these critical issues.

Sincerely,

David Couch, Chairman
Kern County Board of Supervisors

cc: The Honorable Gavin Newsom, Governor of California
Honorable Members, Kern legislative delegation
California State Association of Counties
Kern County Planning and Natural Resources Department
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