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Via electronic submittal

Chair Liane Randolph and Members of the Board California Air Resources Board 1001 I Street Sacramento, CA 95814 cotb@arb.ca.gov

Re: FixLCFS Coalition Comments on Proposed Changes to the Low Carbon Fuel Standard Regulation (Second 15-Day Change Proposal)

Dear Chair Randolph and Members of the Board,

The undersigned public interest organizations write to urge the California Air Resources Board (CARB) to **vote NO** on the proposed amendments to the Low Carbon Fuel Standard (LCFS) scheduled for a vote on November 8th, and to direct staff to develop a proposal that aligns with science and environmental justice.

For the past three years, we have advocated to reform the LCFS in a way that would support the state's progress in fighting the twin crises of climate change and air pollution while addressing economic and environmental justice concerns. We have consistently sounded the alarm that, unless reformed, the LCFS will harm Californians and communities across the country and the world.\(^1\) Many of our organizations have submitted detailed recommendations on how to modernize the LCFS and ensure it avoids these harms and boosts California's transition off of combustion fuels and toward a zero-emissions future. Further, the Environmental Justice Advisory Committee (EJAC), which CARB itself established as permanent in 2023, joined this call and similarly issued its "Comprehensive Environmental Justice Scenario" recommendations,\(^2\) which reflect the best available climate science and center the voices of the communities and workers at the frontlines of the energy transition. The EJAC submitted a letter on October 22, 2024, raising significant concerns about the current LCFS Proposal.\(^3\) The undersigned organizations agree with and underscore the points raised in that letter.

Further, on September 10, 2024, many of us submitted a letter urging the Board to oppose the proposed amendments unless key changes were made.⁴ Despite explicit EJAC recommendations, clear direction from Board Members, and our science-based critiques and reform proposals, staff's Second 15-Day Change Proposal doubles down on entrenching polluting practices and delaying critical reforms.

Specifically, the Proposal **FAILS** to make the following changes, which are necessary to ensure the LCFS is based on science and avoids harm to our most vulnerable communities:

• Limit the volume of lipid biofuels or at minimum, expand the LCFS to cover all lipid biofuel feedstocks and treat over-usages as ultra-low sulfur diesel. Instead, the Proposal entrenches their use. The failures of this Proposal will reward environmentally damaging agricultural practices, increase GHG emissions, extend the pollution burden of refining in fence-line refinery communities, drive up food prices, and create a perverse incentive to expand deforestation.

¹ See FixLCFS, https://www.fixlcfs.com/ (explaining science and equity-based LCFS reform proposals).

² EJAC, Final Recommendations to the California Air Resources Board on the Low Carbon Fuel Standard Regulation Updates (Aug. 28, 2023),

https://ww2.arb.ca.gov/sites/default/files/2024-03/EJAC%20FINAL%20Low%20Carbon%20Fuel%20Standard%20Recommendations%20082823.pdf; also available at

https://www.arb.ca.gov/lists/com-attach/6871-lcfs2024-UTQHawBgWGgAWQdr.pdf.

³ EJAC, Letter to CARB re Second 15-Day Change Proposal (Oct. 22, 2024), https://ww2.arb.ca.gov/sites/default/files/2024-10/EJAC%20Letter%20to%20CARB%20board%20re_%20Low%20 Carbon%20Fuel%20Standard%20recommendations Oct%202024.pdf.

⁴ FixLCFS Coalition, Proposed Changes to the Low Carbon Fuel Standard Regulation (15-Day Change Proposal) (Sept. 10, 2024)

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- Phase out distortionary avoided methane emissions crediting. Despite repeated and vehement concern from public health, environmental justice, environmental organizations, academic experts—and above all, low-income Californians of color—the Proposal fails to end the LCFS's exceptional treatment of livestock methane pollution as a lucrative offset to fossil fuels. Nothing about livestock methane's chemistry makes it better than landfill or wastewater methane at fighting climate change. The inflated avoided methane credits are premised entirely on CARB's reluctance to use its clear authority to regulate livestock methane like any other major pollution source. The Second 15-day Change Proposal maintains excessive avoided methane emissions crediting for livestock gas and, worse still, undercuts CARB board members' direction to initiate rulemaking for livestock methane. The Proposal all but guarantees at least 20 years of avoided methane credit generation for any livestock operation that breaks ground on a methane digester by 2030 even if CARB adopts regulations that prohibit methane venting and require methane reductions. The exceptionalism attached to the dairy and livestock industry apparently knows no bounds: livestock operations that install digesters will enjoy lavish subsidies and windfall profits for the intentional generation of methane for decades, and a regulatory framework - if adopted - will have no impact on the ability of those livestock operations to generate profits from their methane emissions, effectively protecting this class of dairies and livestock operations from both the impact of regulations and additionality requirements that attach to other emissions reductions strategies. The long timeline for avoided methane emissions crediting--extending to 2054 for some projects--and the Proposal to allow ongoing credit generation for avoided methane for decades irrespective of the adoption of regulations runs counter to the recommendations of members of the public, scientists, the direction of the Board, and the demands of our changing climate and ongoing environmental justice crisis.
- Eliminate the loophole allowing fossil fuel-based hydrogen. Despite overwhelming testimony from refinery communities about the dangers of fossil hydrogen, the Proposal extends credit generation for hydrogen made from fossil fuel feedstocks to 2035. Further, staff's stated restriction on credits for fossil fuel-derived hydrogen is misleading. The restriction still allows fossil-gas derived hydrogen to generate lavish credits so long as producers purchase unbundled environmental biomethane attributes. Similarly, the recent amendment in the 15-day changes misled the reader by noting a requirement that hydrogen must be 80% "renewable" by 2030. The program's definition of renewable allows for a host of polluting hydrogen including fossil hydrogen paired with the environmental attributes of livestock biogas. This bogus credit generation increases revenue for dirty hydrogen producers and other emission sources including factory farms, harms pollution-burdened communities, and undercuts the incentive to invest in genuinely green hydrogen production.
- Prioritize electrification funding for medium- and heavy-duty vehicles and grid upgrades that lower air pollution and ratepayer costs. Instead of offering support to

those most in need, CARB Staff's latest proposal allows 10-20% less equity spending for most utility funds and keeps the first 15-day Proposal provisions crediting Original Equipment Manufacturers rather than funding additional medium- and heavy-duty zero-emission vehicles. Siphoning roughly \$10 billion in funding from accelerating medium- and heavy-duty electrification towards mere compliance for light-duty electrification will reduce desperately needed air quality benefits for freight communities while perpetuating historic barriers to electric vehicle access for low-income communities of color. This is out of step with what California needs.

• Ensure that all major polluters are covered under the LCFS and restore intra-state fossil jet fuel as a deficit generator. Airport workers were assured in the rulemaking process that CARB would attempt to leverage the LCFS to tackle pollution from jet fuel. But by excluding fossil jet fuel from generating deficits, there is little incentive for airlines to invest in cleaner fuels, or support higher credit prices that accelerate zero-emissions investments in cargo handling or airport ground support equipment. CARB's backsliding on this key reform reduces the effectiveness of the LCFS and stalls progress on the challenge of reducing pollution from jet fuel, all while absolving the profitable airline industry—a transportation segment catering primarily to more affluent consumers—of paying its fair share.

In addition, beyond the concerns over the substance of the current LCFS Proposal, we call on CARB to initiate a review of how CARB incorporates EJAC input into decisions. Our organizations remain deeply concerned about how CARB has routinely ignored EJAC input in this process. Indeed, in its October 31, 2024 response to CARB, EJAC explains in detail how CARB has systematically failed to address EJAC's LCFS recommendations. The Chair and Executive Officer should convene a 360 review of this agency's failure to actually incorporate EJAC feedback into significant proposals like the LCFS.

We underscore that these recommended actions are moderate and grounded in science and equity. By limiting fuels that are problematic or over-subsidized, CARB would shore up the credit price without imposing high regressive costs on Californians, and CARB would send a signal nationally and globally that the LCFS is based on scientific advances and environmental justice. Unless the Board directs staff to implement these critical fixes, the LCFS will remain a regressive, outdated, and combustion-focused program, prioritizing the demands of powerful fossil fuel and agribusiness industries over public health and environmental integrity and over the recommendations of CARB's own permanent environmental justice committee.

Finally, we want to call your attention to the fact that the actual impacts of the proposed changes are masked because the Proposal fails to disclose and analyze the effects of the future step-downs

https://ww2.arb.ca.gov/sites/default/files/2024-11/EJAC%20Response%20re %20LCFS%20Chart 10.31.24.pdf

⁵ EJAC, Response to Staff Chart re: Resolution on the Low Carbon Fuel Standard Regulation and First and Second 15-Day Changes (Oct. 31, 2024),

in the carbon intensity benchmark that will have wide-ranging effects on Californians. When asked for clarification about how the new changes to the auto-acceleration mechanism will work, staff has responded that it will wait until after the Board vote to explain this key feature of the program. Staff has also not responded to requests for clarification about the hydrogen provisions of the Proposal. As Governor Newsom recently emphasized, transparency is paramount, but the LCFS process has significantly fallen short of this core standard.

As it stands, CARB Staff's LCFS Proposal continues to disregard necessary public health and environmental justice protections. The Proposal ultimately fails to disclose impacts, make the LCFS more equitable and less reliant on outdated combustion fuels, and align the program with CARB's own air quality standards and ZEV goals. It is therefore not worthy of your vote. We urge Board Members to vote NO on the proposed LCFS amendments and to send it back to staff with direction to fix the program consistent with the above recommendations in 2025.

Sincerely,

Román Partida-López

Senior Legal Counsel, Transportation Equity

The Greenlining Institute

Phoebe Seaton

Co-Director and Attorney at Law

Leadership Counsel for Justice and

Accountability

Janet Cox

CEO

Climate Action California

Gracyna Mohabir

Clean Air & Energy Regulatory Advocate

California Environmental Voters

Lauren Gallagher

Legal Fellow

Communities for a Better Environment

Daniel Chandler

Steering Committee Member

350 Humboldt

Kathy Dervin

Transportation Cmt

350 Bay Area

Faraz Rizvi

Policy & Campaign Manager

Asian Pacific Environmental Network

Dashel Murawski

Policy and Communications Coordinator

Center for Food Safety

Pauline M. Seales

Organizer

Santa Cruz Climate Action Network

Kyle Heiskala Policy Co-Director **Environmental Health Coalition**

Christina Scaringe
California Climate Policy Director
Center for Biological Diversity

Ellie Cohen Chief Executive Officer The Climate Center

Peter M. Warren
San Pedro & Peninsula Homeowners
Coalition

Adrian Martinez
Deputy Managing Attorney **Earthjustice**

Christine Ball-Blakely Senior Staff Attorney Animal Legal Defense Fund

Kevin D Hamilton Senior Director Government Affairs Central California Asthma Collaborative

Andrea Vidaurre
Policy Analyst and Advocate
People Collective for Environmental
Justice