MERCURIA
ENERGY AMERICA, LLC

Matthew Botill
California Air Resources Board
1001 I Street
Sacramento, California 95814

April 21, 2025

Re: Mercuria Energy's comments on the Low Carbon Fuel Standard Third 15-Day Amendments

Dear Mr. Botill:

Mercuria Energy America, a Delaware corporation, is an independent energy marketing and trading company. The company is a long-time participant in the California Low Carbon Fuel Standard, and Mercuria is also a regulated entity within the cap-and-trade program.

We appreciate the opportunity to submit these comments in response to the April 4, 2025, Third Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information Proposed Low Carbon Fuel Standard (LCFS) Amendments (Third 15-Day Package).

The company firmly supports the current program and believes the following:

- California should seek to implement the revised carbon intensity as quickly as possible despite the administrative delay
- Program will help stabilize the market amid federal uncertainty

Technicality should not delay necessary reductions to the carbon intensity

California cannot afford for technical or clerical errors to keep the state from enacting the carbon intensity revisions by Q1 2025, as these necessary changes are required to provide further stringency to the existing program.

In their disapproval of the regulation, the Office of Administrative Law found no fault with the proposed changes to the carbon intensity. Rather, the OAL found administrative errors in other areas of the text.

These errors should not hold back the regulation from being implemented on time as they would conflict with the agency's stated goal of addressing the surplus bank as soon as possible.

The proposed changes received broad support from a variety of market stakeholders during the regulatory process as numerous entities commented that the state's initial proposal did not adequately address the issue.

In addition, these changes have been known since August, giving entities ample time to prepare for this proposed change. Some of these participants have likely prepared as if this regulation was going to be implemented on April 1.

Delaying this regulation any further would unduly burden those who prepared in good faith for a more stringent program.

Revisions are needed to provide clarity amid federal uncertainty

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Low carbon fuel suppliers are currently facing significant uncertainty at the federal level, and California moving ahead with this regulation will provide clarity about future demand of these fuels.

Currently, the federal government has not finalized guidance on the Clean Fuels Production Tax Credit (45Z), while the Environmental Protection Agency (EPA) has not outlined long-term renewable volume obligations.

In addition, the federal government's proposed tariffs, which could affect feedstocks, may place further costs onto these suppliers who may have little clarity about the value of their product.

Coupled with the OAL decision, all of these pending actions are creating significant uncertainty for low-carbon fuel suppliers.

California can provide much needed certainty to this sector, and at the same time, the state can show leadership on climate as it has done so many times before.

Conclusion

After more than four years of discussion about this rule, the ARB should look to implement this regulation as soon as possible to provide certainty to the market and drive more reductions within the transportation sector.

California does not have the luxury of time if intends to achieve its bold climate goals in 2030 and 2045.

Sincerely,

Adam Raphaely

Managing Director