



SUBMITTED VIA ELECTRONIC FILING

April 21, 2025

Mr. Matthew Botill  
Chief, Industrial Strategies Division  
California Air Resources Board  
1001 I Street  
Sacramento, California 95814

**RE: Comments on the Third 15-Day Changes to the Proposed Low Carbon Fuel Standard Amendments, Released April 4, 2025**

Dear Mr. Botill,

The California Renewable Transportation Alliance (CRTA) is a diverse coalition of renewable fuel producers, fleet operators, engine manufacturers, consumers, and utilities who, in long partnership with California, have invested millions of dollars in providing cost-effective, low-carbon fuel options to decarbonize California's transportation sector. We are committed to helping California meet its ambitious climate change goals. It is with that intent in mind that we welcome the opportunity to provide these comments on the Third 15-Day Changes to the Proposed Low Carbon Fuel Standard Amendments (Third 15-Day Changes) that were released on April 4, 2025.

The Low Carbon Fuel Standard (LCFS) is internationally recognized as an effective mechanism for decarbonizing transportation fuel and reducing California's dependence on fossil fuel. It has also proven to be a key driver for the effective capture and reuse of otherwise unabated methane emissions, particularly from dairy operations. As you know, methane is a powerful greenhouse gas and Short-Lived Climate Pollutant that is 80 times more potent than carbon dioxide over a 20-year period. The efficient and abundant capture of methane today is essential to limiting the planet's warming.

CRTA members are grateful for CARB staff's prompt response to the concerns raised in the Office of Administrative Law's (OAL) notice of disapproval dated February 18, 2025. Addressing the concerns raised in less than the 120 days permitted by statute helps to restore the market confidence that was shaken after the OAL decision.

As noted in our comments from October 16, 2024, we believe that the LCFS amendments proposed and subsequently adopted by the CARB Board on November 8, 2024 (hereafter referred

to as the adopted amendments), achieved an appropriate balance in the treatment of biomethane under the LCFS. They enable renewable natural gas (RNG) to provide significant emission reductions in the near-term while remaining a source of energy to power zero-emission platforms like electricity and hydrogen in the future.

Consequently, CRTA declared the adopted amendments supportable because they prioritized the capture and reuse of methane while taking the necessary steps to reinvigorate a restless investment market and continue California's leadership on its signature climate change policy.

The adopted amendments brought much-needed stability to the LCFS market. In response to the prolonged three year discussion surrounding the changes, the LCFS credit market was experiencing historic lows that dropped credit prices into the low-\$40s, threatening the program's viability. Credit prices had shown positive improvement, increasing into the low \$70 once the amendments were adopted. However, the OAL disapproval decision caused them to once again plunge into the mid-to-low \$50s.

Prolonged consideration of OAL's decision would have only worsened this deteriorating situation, which is why we appreciate CARB staff moving quickly on its revisions.

Further, we believe the adopted amendments to the LCFS represents CARB staff's effort to develop a data-driven, science-based strategy for aligning the LCFS program with California's broader emission reduction objectives. We also disagree with Program opponents notion that the LCFS is the primary driver of overall retail fuel prices in California. Despite recent criticisms, market experts have concluded that the LCFS is not a major driver of consumer gas prices in California<sup>1</sup>. Despite historically low credit prices in 2024, California's gas prices have remained among the highest in the nation<sup>2</sup>.

The adopted LCFS amendments are needed to maintain investment confidence and allow the state to continue expanding the availability of affordable, lower-carbon fuels to improve air quality and enhance public health in California. We trust OAL will move as quickly to approve the adopted amendments to ensure the continued availability of affordable, lower-carbon transportation fuel to improve air quality and enhance public health in California.

Thank you for your work on this important matter. Please feel free to contact me at [nicolerice@carta.org](mailto:nicolerice@carta.org) if you have any questions.

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<sup>1</sup> Based on the conclusions drawn in the Bates White analysis, "The primary driver of fuel price movements is the cost of crude oil, while other California-specific factors, such as taxes and the Cap-and-Trade Program for greenhouse gas emissions have readily-quantifiable impacts on retail fuel prices. The combination of crude oil price, Cap-and-Trade costs and taxes explains fully 90% of regular gasoline pricing over time. An examination of historical data on the components of retail gasoline prices in California shows that the residual "unexplained" price, which encompasses all pricing factors that cannot be directly quantified, has grown in recent years, but is not linked to the implementation of LCFS or administration of the program over time. Compared to the four years prior to LCFS implementation, the first four years of the program saw a decrease in the margin of retail gasoline price over wholesale spot price, indicating clearly that LCFS was not responsible for increasing retail prices. An assessment of observed market prices shows conclusively that the LCFS program price effect at the pump is not a significant driver of retail fuel prices in California. Though retail fuel prices in California are high relative to other states, there is no statistically significant correlation between the price of LCFS credits and the price of retail gasoline, which are shown in Figure 1 for the period 2013 through March 2022." Bates White Economic Consulting. (2022). *Low Carbon Fuels Standards: Market impacts and evidence for retail fuel price effects* (p. 1-2).

<sup>2</sup> <https://gasprices.aaa.com/todays-state-averages/>

Respectfully,

A handwritten signature in dark ink, appearing to read "Nicole Rice". The signature is fluid and cursive, with the first name "Nicole" written in a larger, more prominent script than the last name "Rice".

Nicole Rice, President  
California Renewable Transportation Alliance

cc: CARB Board Members  
Hazel Miranda, Chief of Staff and Policy Advisor to Chair Randolph, CARB  
Rajinder Sahota, Deputy Executive Officer for Climate Change and Research, CARB  
Lauren Sanchez, Senior Advisor for Climate, Office of the Governor  
Jamie Callahan, Deputy Chief of Staff and Senior Counselor on Infrastructure,  
Office of the Governor  
Grant Mack, Deputy Legislative Secretary, Office of the Governor