

April 18, 2025

Submitted electronically via ww2.arb.ca.gov/lispub/comm/bclist.php

The Honorable Dr. Steven Cliff
Executive Officer
c/o Clerk's Office, California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Comments to April 4, 2025, CARB Low Carbon Fuel Standard Proposed Third 15-Day Modifications to Proposed Regulation Order

Dear Dr. Cliff:

California Resources Corporation (CRC) appreciates the opportunity to provide comments on the California Air Resources Board's (CARB) Proposed Third 15-Day Modifications to Proposed Regulation Order released April 4, 2025 (Third 15-Day Changes).¹

CRC supports CARB's proposed amendment to Section 95482(h) of the Low Carbon Fuel Standard Regulation (LCFS Regulation). The availability of LCFS credits for hydrogen produced with accompanying carbon capture and sequestration (CCS) technology is critical to the advancement of California's climate, economic, and energy goals; as it will enable the production of hydrogen that meets both criteria critical to the successful transition to renewable fuels at scale: (i) the ability to produce volumes necessary to meet statewide demand and (ii) consumer affordability. Existing incentives have proven insufficient to attract the capital investments required to develop hydrogen infrastructure in California, without which development at scale is unlikely to occur in the state.

Specifically, if adopted, the proposed amendment to Section 95482(h) will provide an economic rationale for investors to underwrite hydrogen projects, releasing the financing required for project development. The availability of LCFS credits for hydrogen produced with accompanying CCS technology has the potential to drive billions of dollars of private investment in hydrogen production in the state. Additionally, the adoption of the proposed amendment to Section 94582(h) could lead to the creation of high-quality construction jobs and long-term operations jobs, many of which will be paid in accordance with the prevailing wage requirements under Sections 45Q and 45V of the U.S. Internal Revenue Code of 1986, as amended.

If adopted, the proposed amendment to Section 95482(h) will advance the development of projects that aim to contribute to California's hydrogen supply to meet the state's growing needs. For example, through its Carbon TerraVault (CTV) line of business, CRC is advancing multiple clean energy initiatives in California. These include the previously announced proposed Yosemite Hydrogen Facility projects in collaboration with Yosemite Clean Energy, LLC, which once operational are expected to produce in the aggregate approximately 24,000 Kg of hydrogen per day and sequester approximately 120,000 MT of carbon dioxide per annum. Additionally, the Elk Hills Hydrogen

¹ California Air Resources Board, Proposed 15-Day Changes, <https://ww2.arb.ca.gov/rulemaking/2024/lcfs2024>.

Project, a collaboration between CTV and Lone Cypress Energy Services, is expected to sequester 205,000 MT of CO₂ annually and produce approximately 65 tons of hydrogen per day. Together these two projects alone are anticipated to bring almost \$1 billion of investment to California, create over 3,000 construction, and over 300 permanent, high-paying jobs, and generate over \$40 million in state and local annual tax revenue.

Beyond economic impact, the production of hydrogen accompanied by CCS technology is expected to support a broader ecosystem of skilled trades, STEM innovation, and workforce training opportunities in traditionally underserved areas. Safety and environmental stewardship remain central to project design and execution, with robust community engagement and regulatory compliance at every stage.

These projects are just a portion of the clean energy portfolio contemplated by CRC. With the adoption of the proposed amendment to Section 95482(h) of the LCFS Regulation, we anticipate greater investment momentum will drive the development of hydrogen production projects in the state, helping California meet its growing energy demand in a technology-neutral manner.

Conclusion

CARB's 2022 Scoping Plan for Achieving Carbon Neutrality calls for a broad and inclusive definition of low carbon hydrogen projects to enable the scale-up of hydrogen production to the level required to meet California's long-term decarbonization goals. California energy companies—including CRC, CTV and its partners—are prepared to make significant investments in low carbon hydrogen projects that incorporate CCS. LCFS credit eligibility is a critical factor of return on investment and a critical driver of final investment decisions and securing financing. The proposed amendment to Section 95482(h) of the LCFS Regulation affirms CARB's continued commitment to supporting CCS-accompanied hydrogen production, providing the requisite regulatory certainty necessary for the advancement of projects that reduce emissions, strengthen energy resilience, and create economic opportunities across the state.

CRC appreciates the opportunity to comment on the Third 15-Day Changes. We support and look forward to the adoption of the proposed amendment to Section 95482(h) and commend CARB for its leadership.

Respectfully submitted,



Jason Marshall
Vice President, Regulatory Affairs
California Resources Corporation