WPGA
WESTERN PROPANE GAS ASSOCIATION
1107 9TH ST, SUITE 540, SACRAMENTO, CA 95814
P: (916) 447-9742 | F: (916) 447-9740
WESTERNPGA.ORG | USECALIFORNIAPROPANE.COM

October 16, 2024

California Air Resources Board
1001 I Street
Sacramento, CA 95814
VIA ONLINE SUBMISSION

RE: Low Carbon Fuel Standard Second 15-Day Language

The Western Propane Gas Association (WPGA) is pleased to submit its comments in response to the most recent Low Carbon Fuel Standard (LCFS) 15-day language package. Comments are aligned with our previous letter dated August 27, 2024, on the first 15-Day Language.

We believe that the current draft of the LCFS language creates uncertainty in the marketplace, pushes unnecessary costs onto consumers, and limits the efficacy of the program in reducing CI of existing transportation fuels. We urge CARB to hold off on adopting these amendments to the program.

AGGRESSIVE COMPLIANCE TARGETS DISRUPTIVE TO CONSUMERS

In the first 15-day language, compliance targets between 2025 and 2030 are adjusted to create a larger drop in Carbon Intensity (CI) reduction than previously proposed. More aggressive short-term compliance targets are above and beyond any staff suggestions from the 45-day language and are not projected to be feasible considering the state's current inability to reach target CI reduction. More aggressive compliance curves would only exacerbate impacts to end-users attempting to procure enough compliant fuel. If current targets cannot be achieved, it is unreasonable to set more stringent targets.

Additionally, these aggressive compliance targets would create disruptions in the existing fuels market and make it more difficult for suppliers to procure the renewable fuels necessary to meet market demand. Renewable fuels with ultra-low CI scores like that of renewable propane, are prime for meeting CI targets set by LCFS. The ripple effect of the proposed increased targets would negatively impact procurement achievability for these key fuels.

STILL INCORRECT CI FOR CONVENTIONAL PROPANE IN GREET MODEL

For the fourth time, WPGA has attempted to correct the record on the baseline calculation of fossil propane under LCFS – which, as currently calculated, creates additional burdens onto propane consumers without justification.

CARB's GREET4.0 model still incorrectly calculates the baseline CI of conventional propane. See our letter dated April 29, 2023[1] for detailed CI calculations. With the consideration of more aggressive compliance targets under the first 15-day language, this miscalculation would create further undue burden on compliance entities and end-users.

[1] WPGA, Comment Letter, RE: GREET4.0 – Propane Carbon Intensity Calculation, Submitted to CARB April 29, 2023

WPGA yet again encourages CARB to update its modelling of the CI for conventional propane within the lookup table to result in **80.06 gCO2eq/MJ** due to corrections on:

- Upstream combustion emissions – from a CI of 64.84 to 64.58,
- Assumptions regarding refining source – from 75% oil/25% natural gas mixture to 59.5% oil/40.5% natural gas within California per Argonne National Laboratory reporting[2], and
- Transport distance for delivery – fewer than 100 miles traveled for final delivery, based upon industry reporting and best practices.

EXEMPTING AVIATION FUEL CREATES UNCERTAINTY IN OTHER FUELS

While an exemption for all aviation fuels is included in the first 15-day language, there are real concerns about the unintended consequences to other fuels remaining under compliance. Sustainable Aviation Fuel (SAF) is one of the primary refining sources for renewable propane that complies with LCFS. Renewable propane creates fuel that is available for propane used in transportation, particularly in Southern California. By exempting aviation fuel and reducing available credits for SAF, there could be the unintended consequence of drastically reducing SAF production and thereby one of the most available sources of renewable propane – driving up costs for end-users. Likewise, it could drive production of these fuels further out of state and reduce the accessibility of SAF and renewable propane for the markets obligated to use them.

AAM UNCERTAINTY WILL CREATE ADDITIONAL COSTS OF COMPLIANCE

The Automatic Acceleration Mechanism (AAM) amendments which change the ratcheting mechanism from an annualized assessment to a quarterly assessment, will create unnecessary compliance obligations from fuel marketers and add costs onto fuels for consumers in an effort to potentially meet compliance obligations which may occur.

Any regulated entity under LCFS would need to prepare for potential AAM enforcement upon a **quarterly basis** within the program as opposed to a **yearly basis**, and the potential implications of the pull-forward further cloud the picture of what CI target compliance entities must comply. That uncertainty will, unfortunately, be passed to consumers of these fuels within California as compliance entities prepare for dramatic shifts in deficit costs per gallon of fuel on a relatively short time period.

LCFS IS NOT MEANT TO NOT PICK WINNERS AND LOSERS

The inclusion of a cap on virgin oil production eligible for crediting under LCFS is a *de facto* selection of winners and losers in an otherwise open market. The underlying goal of the LCFS is to reduce the CI of transportation fuels currently in use within California and incentivize the transition away from fossil fuels. CARB Board members and staff have continually pointed out in discussions that the LCFS program is not designed to affect particular use case outcomes that may be requested by third-parties and advocates, but rapidly decarbonize California's existing fuels sector.

Adding limits on otherwise renewable feedstocks – for which the CI verification pathway can already establish their efficacy at reducing CI or not – creates an inappropriate thumb onto to the scale of production of affordable and available biofuels. The end result will only be increased costs to California consumers without any appreciable dip in CI across the fuels segment.

CONCLUSION

[2] Backes, S. E., Beath, J., Sebastian, B., & Hawkins, T. R. (2020, September). Sources of Propane Consumed in California. Chicago; Argonne National Laboratory.

Reasonable compliance targets, accurate CIs, and considerations of impact to renewable fuels production are necessary for an industry shift to meet set targets. We again request that CARB delay or vote to reject these most recent amendments to the program and continue to work with stakeholders on appropriate updates to the rule that protect consumers from unnecessary costs and improve CI reductions across all fuels.

WPGA appreciates the opportunity to submit feedback on the LCFS 15-day language.

Sincerely,

Krysta Wanner
Director of Government Affairs, WPGA
krysta@westernpga.org