December 21, 2022

Dr. Cheryl Laskowski, Branch Chief

Low Carbon Fuel Standard (LCFS)

California Air Resources Board

1001 I Street

Sacramento, CA 95814

RE: Braya Comments on the California Air Resources Board (“CARB”) Low Carbon Fuel Standard (“LCFS”) Public Workshops: Potential Changes to the Low Carbon Fuel Standard

Dear Dr. Laskowski,

Braya Renewable Fuels LP (“Braya”) is the owner of the Come By Chance refinery in Newfoundland, Canada, an idled oil refinery that is converting to renewable diesel and sustainable aviation fuel operations with an expected in-service date during the 1st half of 2023. The refinery is strategically located to source a variety of low-carbon intensity feedstocks and deliver fuels to various end markets, including California, to help meet LCFS demand and California’s broader greenhouse gas initiatives. Renewable diesel and sustainable aviation fuels help decarbonize sectors—heavy transport and aviation—that are key to economic activity and have few other near-term, executable decarbonization solutions.

We would like to begin by commending CARB on their efforts and a very successful program. The LCFS has attracted global attention and has inspired other states and nations with its market-based principles, scientific basis, and (historically) feedstock- and technology-neutral approach. As discussed in recent stakeholder workshops, the LCFS has exceeded expectations, over-performing and becoming increasingly diverse in approaches that serve to reduce and replace fossil fuels as part of its decarbonization efforts. The LCFS has made meaningful investments in low-carbon fuels a reality - Braya’s conversion of a conventional crude oil refinery to biofuels is a perfect example of achieving that goal.

While we may have additional future comments concerning the proposed changes to the LCFS, we appreciate the opportunity to provide valuable feedback requested in the recent workshops conducted on July 7, 2022, August 18, 2022, and November 9, 2022.

Braya Opposes Artificial Cap on Vegetable Oil Feedstocks

We understand that CARB has received feedback from some stakeholders expressing concerns over using crop-based feedstocks for biofuel production and consequently is considering limits on crop-based lipids’ contributions to meeting LCFS program objectives. A number of studies have concluded that lipid-based feedstocks for biofuels do not impact food resources or cause deforestation and damaging land conversion. At current, crop-based feedstocks are needed to spur continued growth and investment in renewable diesel and sustainable aviation fuels, which are key solutions for decarbonizing the heavy transport and aviation sectors for the foreseeable future. According to a study conducted last year by LMC International and commissioned by the Advanced Biofuels Association (ABFA), which included global lipid demand from all sources and all end-users, current crop-based feedstock supply exceeds biofuels’ forecast demand through 2030 while still meeting the demand for non-biofuel use. Further, the study assumed a maximum use of lipid-based feedstock for biofuels even though advances are being made regarding the use of wastes, starches, algae, and biomass, which will provide alternative feedstock supplies and naturally lower the demand for crop-based biofuels. The summary slides and 2030 conclusions can be found here: <https://advancedbiofuelsassociation.com/study-shows-available-advanced-biofuels-feedstocks-can-pace-biofuel-demand-through-2030/> .

Time and investment are still needed to continue growing supply of second-generation biofuels. The efforts are underway, but the continued support of the LCFS will help make this goal a reality. To date, the LCFS has maintained an unbiased, technology-neutral approach, allowing the program to evolve naturally, without picking winners and losers, which has been a key to CARB’s success. CARB already has a stringent and ongoing review process in place to address indirect land use change (“ILUC”) potentially linked to biofuels incentives. This mechanism effectively penalizes producers that utilize crop-based feedstocks by elevating CI scores well above those of non-crop-based feedstocks. Capping crop-based lipids is at best unnecessary in light of the existing ILUC mechanism, and at worst will substantially increase costs and likely stifle investment in the vital expansion of renewable diesel and sustainable aviation fuel supply that would otherwise continue for the balance of this decade.

Again, Braya is supportive and appreciative of CARB’s goals and efforts in supporting low-carbon production and distribution. Our hope is that CARB will consider the impact of unnecessarily and prematurely eliminating a much-needed source of feedstocks that can readily meet the LCFS’ objectives, specifically regarding heavy transport and aviation biofuels, as there are currently no viable alternatives available on a scale to meet California’s goals.

Braya Supports Credit True-Ups for Temporary Pathways

Braya appreciates the forethought that has gone into proposing the potential for a credit true-up for temporary pathways. Currently, delays in pathway certification could result in expiration of temporary pathways while the review and verification processes are underway for a producer’s facility-specific Tier 1 or Tier 2 pathway applications. This is particularly plausible in the case of new producers exploring untapped feedstock markets with which CARB staff have less/no prior experience. While the possibility exists to request an extension of temporary pathways beyond the current regulatory two-quarter limit, it is not a certainty that stakeholders and investors can depend upon. Furthermore, temporary pathways are inherently conservative CI scores; the longer a producer’s facility specific CIs are under review, the greater the expected loss of revenue that can be so vital at the start of operations. A true-up based on facility-specific production data will not only support new biofuels producers, but it will also provide more accurate data for CARB to measure the program’s success in decreasing GHG emissions.

On the same note, Braya, and many other biofuels producers, are operating under stages after start-up, which includes additional projects to ensure increased efficiencies and lower emissions at their facilities, but this takes time and additional investment. A true-up that would allow credit generators to be rewarded for reducing their CI scores over time would encourage these proactive and environmentally friendly efforts.

Finally, we believe that CARB should synchronize efforts with other agencies to utilize data and precedents to streamline processes. Doing so would be of significant value, both to increase access for new pathways/new producers and reduce burdens on CARB’s resources and staff. For example, the EPA has a number of approved pathways based on GREET modeling for national and global feedstocks. CARB should explore whether these pathways could be leveraged to establish a wider range of temporary pathways that could be used until facility-specific pathways (based on operational data) are fully available.

Braya Supports Proposed Emission Factor Updates

Investments have been made globally, as a direct and positive result of the LCFS program, to improve farming practices, feedstock processing, and decreased emissions at the biofuels facility level, over the last decade or more, but the current CA GREET model does not account for any of them. Additionally, the current model does not allow for specific vessel sizes, only ranges. Updating the model with current and accurate data could be as simple as reviewing Argonne’s latest release which includes science-based changes and advancements made over the years. Doing so would also negate the argument that a cap on crop-based biofuels is needed.

Braya Supports CARB’s Continued Advancement of the Standards

Braya supports Alternative C, under CARB’s Crop-Based Biofuels Assumptions, as discussed during the November 9th workshop. With standards based on achieving a 35% reduction in carbon intensity by 2030, Alternative C is the only option that truly advances CARB’s efforts by making rational use of the currently available and efficient biofuels while incentivizing new technologies that are being developed.

During the November workshop, CARB also presented the possibility of devising a “Self-adjusting CI target mechanism” that would trigger an auto-adjustment in standards. We believe that this concept has merit, assuming that it would spur credit bank drawdown and stop plummeting prices when LCFS credits are being over-generated. Without such a mechanism, we doubt the program will remain viable in the long-term with a glut of credits that is driving prices so low that producers – whom have made responsible investments and have followed all the rules – are now facing grave economic uncertainty. We look forward to receiving more details on this self-adjusting CI mechanism in future workshops/stakeholder outreach.

Thank you in advance for taking the time to review our comments and solutions concerning these very important issues.

Respectfully,

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Description generated with high confidence

Jennifer M. LeRow

Director of Regulatory Compliance

Braya Renewable Fuels LP