RPMG™
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December 21, 2022

Cheryl Laskowski
Chief, Transportation Fuels Branch
California Air Resource Board

Electronic submittal only via comment docket

Re: November 9th LCFS Public Workshop on Potential Changes to the Low Carbon Fuel Standard

Dear Ms. Laskowski,

RPMG Inc. (RPMG) is a biofuel marketing company active in the California and West Coast's low carbon fuels markets, representing our owner and marketing partner biofuel facilities located throughout the Midwest. The California LCFS market has been a catalyst for low carbon fuel innovation and investment for all fuel types since its inception a decade ago. We appreciate the opportunity to comment at this early, informal stage of the next rulemaking process. Our comments focus on a subset of the full set of ideas presented by staff in the workshop.

All policy modeling shows that liquid fuel continues to be an important component of the fuel pool even as the LCFS benchmark schedule drives ever increasing carbon-intensity reductions beyond 2030. Historically with LCFS rulemakings, policy setting follows modeling outputs reasonably close. For this reason and considering the need for liquid fuels to 2045 and beyond, RPMG disagrees with the arbitrary inclusion in the CATS model to include expected CI reductions in some sectors (electricity) while ignoring in motion CI reductions in other fuel sectors (liquid fuels). This unfairly biases the results. It is important to highlight the significant contribution of bio-renewable liquid fuels to the fuel supply mix. Substantial investment has been made toward reducing GHG emissions and toward diversifying the fuel mix and engine technologies. The trajectory of renewable liquid fuels should be included in the CATS model moving forward.

Though not a direct discussion item at the workshop last month, it is expected that CARB will revisit the LCFS CCS Protocol within the broader Cap-and-Trade rulemaking effort. RPMG member plants have invested in CCS projects and permanent CO_2 sequestration is happening today. Such investments are significant, and therefore any potential changes to the existing CCS Protocol need to ensure the continuity of requirements to adequately support these existing investments.

RPMG is opposed to the staff concept regarding capping the eligibility of low carbon fuel feedstocks in general, and distillers corn oil (DCO) in particular. The ILUC value incorporated into the LCFS already takes any land use or sustainability criteria into account in resulting CI Scores. Lipid feedstocks, like DCO, will be crucial to meet the need of the growing renewable diesel (RD) and sustainable aviation fuel (SAF) requirements. Feedstocks and fuel technologies should be allowed to compete in the marketplace to best serve the environment and the robust needs of people relying on feedstock sources to fundamentally support their lives. There is strong evidence that RD answers the call for low CI fuel supply, now. Further, both the White House and California Executive Branch are calling for, and incenting, increased production of SAF.

We appreciate the opportunity to review the CATS model and believe feedstock classification in CATS is also an important issue to discuss. Clarification concerning the designation of "Virgin Oils" is needed. The Federal Renewable Fuel Standard defines distiller's corn oils as: "recovered oil… …unfit for human food use". Given this definition, we believe classification of corn oil as a virgin oil under the CATS model to be inappropriate. Even if edible Virgin Oils, fit for food consumption are applied as a constraint in CATS modeling and policy discussion, any inedible oil feedstock should be removed and not be subject to current or future consideration toward feedstock policy limitations.

CARB noted for future discussion, and commentors discussed the idea of imbedding new mechanisms within the LCFS related to credit supply (pricing). RPMG encourages CARB staff to carefully review any new mechanisms within the program and consider the signaling to the market new mechanisms would have on long term investment. It is essential that consequences and implications of new mechanisms are fully vetted, addressed, and understood by the business community before incorporating into the regulation. The pace of innovation, scale of development and trajectory of the credit bank all dictate setting regulatory targets needs to be approached in a way that avoids disruption to the market.

Staff indicated during the workshop the increasing volume and variety of pathway applications pending. We recommend the development of a pathway dashboard to allow for real-time insight on application status. A Pathway Application and Validation Statics Dashboard is necessary for transparency and timely stakeholder information. Transparency is important to understand the status of pending applications as regular business decisions are made in the fuel market. Considering the significant impact timing has on return on investment, this would allow for market participants to have greater ability to manage their product flows.

RPMG would like to again highlight that with a stable regulatory structure which promotes innovation the ethanol industry can continue to lead the way in terms of reducing the carbon intensity of the liquid fuel market that will remain in the state for years to come. RPMG looks forward to continuing these conversations. Please contact me with any questions or comments at plundmark@rpmgllc.com.

Thank you,
Per Lundmark
Regulatory and Compliance Specialist
RPMG Inc.