

September 12, 2023

Rajinder Sahota, Deputy Executive Officer
Climate Change & Research
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: IMMEDIATE IMPLEMENTATION OF THE STEP-DOWN IN THE CARBON INTENSITY REDUCTION TARGET IN THE LOW CARBON FUEL STANDARD PROGRAM

Dear Ms. Sahota:

The undersigned organizations, all participants in the Low Carbon Fuel Standard, write to strongly encourage CARB to prioritize and target a step-down in the carbon intensity (CI) reduction benchmark no later than mid-2024 (i.e., as soon as the amendments become effective). We understand that the rulemaking process is requiring more time than originally planned, and it might be tempting to wait for the amendments to the program (including stepping down the CI benchmark) until January 1, 2025. Doing so would be a mistake and is antithetical to the objectives of the Scoping Plan which calls for delivering more reductions in greenhouse gases sooner. Based on our experiences, a few additional months under the existing stringency will send the wrong signal to the market regarding the need to invest in cleaner, lower carbon fuels and translates into foregone emission reductions to the tune of millions of tons.

Indicators show that a credit bank of 20 million credits could likely occur by the end of 2024 absent earlier regulatory intervention. That unprecedented size of credit bank could take years to draw down unless the amendments become effective by mid-2024 including an immediate and significant step-down in the CI (on the order of 7%) and the other stringency-focused amendments staff is considering (e.g., annual reduction in the CI through 2045, auto-accelerator mechanism to further tighten the program in the event of continued and sustained over-performance).

In fact, CARB said it best. During the May 23, 2023, public workshop, CARB staff stated that a more aggressive CI step-down will likely “increase credit prices, result in more low-carbon fuels to California, and reduce the credit bank.”¹ Ensuring the amendments become effective and are implemented by mid-2024 is the single most important near-term action CARB can take on the LCFS to realize additional reductions in greenhouse gas emissions in 2024. Doing so will send the needed signal to the market that investments and innovation in a broad range of clean fuels is a priority for California and a fundamental element of the state’s greenhouse gas reduction strategy as presented in the 2022 Scoping Plan.

As to precedent, CARB has adopted many rules with implementation requirements that go into force as soon as the regulations become effective given that doing so serves the public good. That is clearly the case here, as putting off the effective date of the regulatory requirements to 2025 will forego emission reductions. A delayed step-down will stifle investments in clean fuels, which is a market that is poised to act providing CARB sends the correct signal—one that is fully aligned with the state’s priorities.

¹ [Low Carbon Fuel Standard – Public Workshop: Auto-Acceleration Mechanism and Step Down benchmark considerations](#), Page 13.

We appreciate CARB's diligent and thorough work throughout this rulemaking process in hosting workshops and considering stakeholder feedback. These proposals will be most effective if implemented in a timely manner to bring forth immediate benefits. Thank you for your consideration, we look forward to continuing this dialogue and engaging with you throughout this rulemaking.

Sincerely,

3Degrees
ADM
Anew Climate
Adelante Consulting
BTR Energy
California Advanced Biofuels Alliance
California Bioenergy LLC
California Electric Transportation Coalition
Clean Fuels Alliance America
CleanFuture
DTE Vantage
e-Mission Control
Enel X Way
Green Plains
logen Corporation
Lifecycle Associates
Low Carbon Fuels Coalition
Neste US, Inc.
NXTClean
Oberon Fuels
OPAL Fuels
Pearson Fuels
Renewable Fuels Association
Renewable Natural Gas Coalition
SHV Energy
The Electric Vehicle Charging Association
Velocys
World Energy

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CC:

Matt Botill
Cheryl Laskowski