

Liane Randolph
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95814

September 12, 2023

Re: ICF Analysis Demonstrates More Ambition in Low Carbon Fuel Use is Possible

Dear Chair Randolph:

On behalf of the undersigned clean fuel businesses and related organizations, we write to emphasize our support for setting strong targets in the forthcoming Low Carbon Fuel Standard (LCFS) rulemaking. The LCFS has driven rapid growth in all low carbon fuels. Because of that success, more than a year ago the Governor initially requested CARB consider greater ambition for the program.¹ CARB can double down on the proven LCFS framework and quickly accelerate California's climate progress simply by adopting more ambitious targets.

To quantitatively demonstrate what measure of future clean fuel use is possible, we jointly helped support the attached independent analysis by the consulting firm ICF,² entitled *Analyzing Future Low Carbon Fuel Targets in California*. This work finds that a 2030 target for the program greater than 40% is achievable, when all low carbon fuels are allowed to contribute fully under the program's technology-neutral, performance-based design.

The historical success of the LCFS is due to a broad portfolio of clean fuels working together to achieve substantial emissions reductions. CARB recently announced that California hit an important milestone in its shift away from polluting fuel sources, with clean fuels replacing over 50% of the diesel used in the state in the first quarter of 2023. A simple update of the state's gasoline specifications would allow for higher blends of ethanol to immediately displace more petroleum. Renewable liquid substitutes for gasoline, diesel and jet are cleaner burning than their petroleum analogs, resulting in noticeable near-term improvements in both greenhouse gases (GHGs) and air quality in California communities.

The immediate reduction of methane emissions is necessary to rapidly reduce the near-term impacts of climate change. The critical need to address methane was well stated in CARB's 2017 *Short Lived Climate Pollutant Reduction Strategy* and reiterated in the Governor's letter cited above. There is no more effective and immediate step we can take as a planet to address climate change now than to aggressively and rapidly reverse emissions of fugitive methane from all

¹ <https://www.gov.ca.gov/wp-content/uploads/2022/07/07.22.2022-Governors-Letter-to-CARB.pdf>

² ICF is a well-respected expert in this area of analysis, having directly advised many other governments on clean fuel issues. For example, the Oregon Department of Environmental Quality retained ICF in support of development and implementation of more stringent targets for the analogous Oregon Clean Fuels Program. See: <https://www.oregon.gov/deq/rulemaking/pages/cfp2022.aspx>

sectors, including society’s organic waste streams. The LCFS, as currently constructed, ensures this will occur through incentives for renewable natural gas projects.

Finally, zero emission vehicles (ZEV) are rapidly becoming a widespread reality due in large part to CARB’s leadership. We support this outcome and believe that both electric vehicles and hydrogen fuel cell vehicles will be dominant sources of long-run on-road decarbonization. As this transition occurs, biofuels will shift toward other end uses—such as long-haul trucking, rail, aviation and marine applications—that do not yet have proven technically feasible zero emission options. The LCFS promotes ZEVs by incentivizing charging/hydrogen infrastructure, vehicle deployment, and adoption of clean inputs to ZEV fuel production.

Because California’s LCFS is a successful model, the program has been embraced by many other jurisdictions.³ The transportation sector remains the largest contributor to GHGs in the US and California, but transport emissions are falling more quickly in California than in any other part of North America, due to LCFS incentives. The 2022 Scoping Plan recognized that the LCFS has been the primary driver of this progress. However, due to a substantial oversupply of credits, the LCFS credit price has dropped precipitously and investment in clean fuels and technologies is similarly dropping just when we need it most. Aggressive action by CARB is necessary to reverse this trend.

Building on successful programs—that have demonstrated environmental and economic benefits—is the lynchpin to continuing to achieve real-world targets. The ICF Work shows what is possible if the LCFS remains fuel-neutral, driven by updated and sound science, capable of incentivizing real-world investment, and focused on performance-based GHG outcomes. Remaining true to these core concepts will ensure California leads the world in rapid transportation sector decarbonization.

We stand ready to follow your leadership to address the dire threat of climate change. Additional LCFS ambition will ensure Californians do not have to wait any longer to use clean fuels.

Sincerely,



Cc: The Honorable Gavin Newsom, Governor, State of California
CARB Board Members

³ There are established programs and active LCFS conversations in twelve US states currently. The program provided national leadership as a conceptual basis for the 45Z Clean Fuel Production Credit in the US Inflation Reduction Act and has been adopted by the federal government of Canada.