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The Honorable Gavin Newsom  
Governor, State of California  
1021 O Street, Suite 9000  
Sacramento, California 95814

June 27, 2023

## Re: Low Carbon Fuel Standard

Dear Governor Newsom:

On behalf of the undersigned clean fuel businesses and related organizations, we write to emphasize our support for the Low Carbon Fuel Standard (LCFS). We stand ready to follow your leadership to address the dire threat of climate change. The LCFS drives reductions in greenhouse gases (GHG), supports a rapid phase out of petroleum, and bolsters a transition to electrification everywhere feasible. However, as knowledgeable partners in California's transportation decarbonization efforts, we must express concerns that misguided voices are delaying your vision and slowing billions of dollars of investment needed to implement the California Air Resources Board's (CARB's) *2022 Scoping Plan for Achieving Carbon Neutrality*.

CARB's forthcoming LCFS regulation should focus primarily on setting more ambitious targets for the system—as you directed a year ago during the Scoping Plan drafting<sup>1</sup>—rather than delaying the program for unnecessary revisitation of core program concepts. All clean fuels are currently delivering more GHG reductions than previously anticipated by CARB. This creates an opportunity to double down on this successful framework and accelerate progress simply by adopting more ambitious targets.

For example, the LCFS has driven a rapid shift toward renewable liquid fuels. Biomass-based diesels made up 46% of the fuel used in diesel vehicles in 2022. Because of the LCFS, former California petroleum refineries are now converting to become biorefineries—including the world's first producer of sustainable aviation fuel. Renewable liquid substitutes for gasoline, diesel and jet are cleaner burning than their petroleum analogs, resulting in noticeable near-term improvements in both GHGs and air quality in California communities. **We do not support arbitrary caps on such fuels.**

Further, 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 echoed by many other leading authorities. The concentration of methane in the atmosphere is increasing at an alarming rate.<sup>2</sup> There is no more effective and immediate step we can be taking as a planet to address climate change now than to aggressively and rapidly reverse emissions of fugitive methane from all sectors, including society's organic waste streams through renewable natural gas (RNG) projects.

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

<sup>2</sup> See "Increase in atmospheric methane set another record during 2021", National Oceanic and Atmospheric Administration, Press Release, April 7, 2022. <http://noaa.gov/news-release/increase-in-atmospheric-methane-set-another-record-during-2021>

The simple fact is that many RNG projects in planning and construction across North America currently rely on LCFS revenues to be built and operated. It took an almost decade-long history of LCFS credits being awarded to RNG projects, clear recognition of the methane reduction benefits across a variety of feedstocks, and consistent positive statements from CARB leaders before investors began to seriously rely on this program to construct RNG projects. Any changes to this framework will undermine prior efforts to convince investors to make long-term capital deployment decisions based on LCFS credit value. If confidence is lost in California's LCFS it will also harm efforts in other states to follow California's leadership on smart near-term policies that couple organic waste methane reduction and clean fuel production. **We do not support changes to the LCFS regulation that would require phase-out of avoided methane crediting without a suitable replacement policy.**

Finally, zero emission vehicles (ZEV) are rapidly becoming a widespread reality due to the leadership of your administration. 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 aviation and marine applications—that do not yet have proven technically feasible zero emission options. **The LCFS promotes ZEVs by incentivizing charging/H<sub>2</sub> infrastructure, vehicle deployment, and adoption of clean inputs to ZEV fuel production.**

Because the LCFS is a successful model, the program has been embraced by many other jurisdictions.<sup>3</sup> 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. The transportation sector remains the largest contributor to GHGs in the US, but transport emissions are falling more quickly in California than in any other part of North America, due to LCFS incentives. Building on successful programs—that have demonstrated environmental and economic benefits—is the lynchpin to continuing to achieve real-world targets.

The success of the LCFS is due to broad portfolio of clean fuels working together to achieve substantial emissions reductions. Unwinding these successful partnerships would strand billions of dollars of clean tech investment, delay transportation decarbonization, and extend the period where petroleum is the dominant fuel in California. The LCFS must remain fuel-neutral, driven by CARB's science-based analysis, 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.

Sincerely,

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Bill Antilla, President, Threemile Canyon Farms

Joe Ayala, Chief Operating Officer, Econward

Juan Baez, Company Director, Bali Express Services, Inc.

Tom Bachman, PE, Vice President, Mead & Hunt

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<sup>3</sup> There are established programs and active LCFS conversations in twelve US states currently.

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CC: The Honorable Liane Randolph, Chair, California Air Resources Board

The Honorable Steve Cliff, Executive Officer, California Air Resources Board