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June 29, 2017

Samuel Wade
Branch Chief, Transportation Fuels
Air Resources Board
1001 I Street
Sacramento, CA 95814
(Comment submitted via email to LCFSWorkshop@arb.ca.gov)

RE: Proposed Regulatory Structure for Alternative Jet Fuel

Dear Mr. Wade:

The alternative jet fuel producers that I represent (the “AJF Producers”) appreciate the opportunity to provide comments regarding the Low Carbon Fuel Standard (“LCFS”) regulations under consideration by the Air Resources Board (“ARB”), pertaining to the inclusion of alternative jet fuel (“AJF”) in the LCFS. This comment is supplemental to the comments we submitted to this rulemaking on March 1, 2017, and April 27, 2017. The primary purpose of this letter is to provide specific proposed regulations pertaining to AJF for ARB’s review and consideration.

Overview of AJF Producers

The AJF Producers joining this letter are Neste, Red Rock Biofuels, AltAir Fuels, Velocys, and Fulcrum BioEnergy. Neste is the largest existing producer of renewable diesel for the California market and has the capability to produce alternative jet fuel. Red Rock is developing a production facility capable of producing alternative jet fuel in Lakeview, Oregon and plans to supply AJF into the California market. AltAir Fuels is currently supplying alternative jet fuel to United Airlines at Los Angeles International Airport from its production facility in Paramount, California. Velocys provides small-scale modular Fischer-Tropsch technology to alternative jet fuel producers, and is itself developing production facilities. Fulcrum BioEnergy is developing a facility in Reno, Nevada, and plans to supply AJF into the California market.

The AJF Producers are highly supportive of the LCFS program and of ARB’s proposal to facilitate LCFS credit generation through opt-in participation for AJF uplifted in California. The LCFS has proven to be an effective, market-based program that has driven the development and expanded the supply of low carbon

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fuels in California. By including low carbon alternative jet fuels in the program, ARB will further expand the supply of less carbon-intense fuels and facilitate attainment of California's greenhouse gas ("GHG") reduction policies.

Proposed Regulatory Structure and Key Issues

In the Working Meeting held March 17, 2017, focused on potentially including Alternative Jet Fuel in the LCFS (AJF Meeting) and the materials prepared for the AJF Meeting, ARB described the conceptual approach that the agency is considering regarding the inclusion of AJF. The AJF Producers broadly support the conceptual approach developed by ARB of enabling LCFS credit generation on an opt-in basis from AJF uplifted in California.

Attached as Exhibit A to this letter, the AJF Producers are providing specific regulatory language (AJF Proposed Language) to implement the conceptual approach that ARB has outlined. This regulatory language is provided in redline format with the underlying black line document being the draft LCFS regulations dated May 27, 2016, that ARB previously released in this rulemaking.

The AJF Proposed Language has been developed to assist ARB as the agency considers various approaches to implement the agency's regulatory objectives. The following aspects of the AJF Proposed Language are summarized here for reference.

- Specification- The AJF Producers are proposing a broad definition of alternative jet fuel in recognition of the dynamic nature of the development of this novel market sector.
- Military Component- The proposed definition includes a military specification, due to the ARB's consideration of the potential inclusion of military applications into the LCFS on an opt-in basis.
- Carbon Intensity (CI) Baseline- This is the one aspect of the AJF Proposed Language that differs significantly from ARB's conceptual approach described at the AJF Meeting. The rationale for using a static CI Baseline for AJF credit generation is contained in the comment letter submitted by the AJF Producers on April 27, 2017.
- CI Baseline Value- The CI Baseline Value contained in the AJF Proposed Language is a placeholder value of 90g CO₂e/MJ. The specific value to be utilized would be determined by ARB based on LCFS life cycle assessment methodology. The AJF Producers are not proposing a specific value; the AJF Proposed Language utilizes 90g for illustrative purposes only.

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Conclusion

Thank you for your consideration of our input. Please contact us if any further input would be helpful. We look forward to continuing to provide input to this proceeding.

Sincerely,



Graham Noyes