UPDATED INFORMATIVE DIGEST

AMENDMENTS TO THE LOW CARBON FUEL STANDARD REGULATION

Sections Affected: Proposed amendments to California Code of Regulations, title 17, sections 95481, 95483, 95485, 95486.1, 95487, 95491.1, and 95495.

Document Incorporated by Reference (Cal. Code Regs., tit. 1, § 20, subd. (c)(3)):

- California Air Resources Board. (2018). *Low-Income Barriers Study, Part B: Overcoming Barriers to Clean Transportation Access for Low-Income Residents*. Retrieved from: https://ww3.arb.ca.gov/msprog/transoptions/sb350_final_guidance_document_022118.pdf. Incorporated by reference in section 95483(c)(1)(A)6.b.

Background and Effect of the Proposed Regulatory Action:

In 2006, the Legislature passed and then-Governor Schwarzenegger signed the California Global Warming Solutions Act of 2006 (AB 32; Stats. 2006, Ch. 488). In Assembly Bill (AB) 32, the Legislature declared that global warming poses a serious threat to the economic well-being, public health, natural resources, and the environment of California. The Legislature further declared that global warming will have detrimental effects on some of California's largest industries, including agriculture and tourism, and will increase the strain on electricity supplies. The Legislature recognized that action taken by California to reduce emissions of greenhouse gases (GHG) will have far-reaching effects by encouraging other states, the federal government, and other countries to act. AB 32 creates a comprehensive, multi-year program to reduce GHG emissions in California, with the overall goal of restoring emissions to 1990 levels by the year 2020. AB 32 required CARB to take actions that included:

- Establishing a statewide GHG emissions cap for 2020, based on 1990 emissions;
- Adopting a scoping plan by January 1, 2009, indicating how emission reductions will be achieved from significant GHG sources via regulations, market mechanisms, and other actions;
- Adopting a list of discrete, early action GHG emission reduction measures by June 30, 2007, which can be implemented and enforced no later than January 1, 2010; and
- Adopting regulations by January 1, 2010, to implement the measures identified on the list of discrete early action measures.

In 2007, then-Governor Schwarzenegger signed Executive Order S-01-07. This executive order directed CARB to determine whether an LCFS for transportation fuels used in California could be adopted as a discrete early action measure pursuant to AB 32, and if so, to draft the LCFS so that it reduces the carbon intensity of transportation fuels used in California by at least 10 percent by the year 2020. In addition to substantially reducing GHG emissions from transportation fuels, the LCFS is

expected to help diversify the transportation fuels market in California, thereby cutting petroleum dependency and creating a sustainable and growing market for cleaner fuels.

In 2007, the Board approved a list of nine discrete early action measures, including a measure entitled, "Low Carbon Fuel Standard." The proposed regulation was designed to implement this measure pursuant to the requirements of AB 32 and Executive Order S-01-07.

The Board approved an LCFS regulation in 2009. The goal of the LCFS regulation was to reduce the carbon intensity of transportation fuels used in California by at least 10 percent by 2020 from a 2010 baseline. CARB approved revisions to the LCFS effective November 26, 2012.

On July 15, 2013, the State of California Court of Appeal (Court) issued an opinion in POET, LLC v. California Air Resources Board (2013) 218 Cal.App.4th 681, ruling that the LCFS adopted in 2009 and implemented in 2010 (referred to as 2010 LCFS) would remain in effect, and that CARB could continue to implement and enforce the 2013 regulatory standards while taking steps to address California Environmental Quality Act (CEQA) and Administrative Procedure Act (APA) issues identified in the ruling.

On September 25, 2015, to comply with the court ruling, and to update and revise the LCFS regulation, CARB set aside the previous version of the LCFS, and simultaneously adopted a new version of the LCFS. On that same day, the Board also adopted an ADF regulation designed to preserve or enhance public health, environmental and emission benefits associated with the use of innovative alternative diesel fuels in California.

In 2018, CARB approved amendments to the LCFS, which included a doubling of the CI target to 20 percent by 2030, inclusion of new credit generating opportunities, the establishment of a third-party verification program, adoption of a carbon capture and sequestration protocol, as well as additional updates and improvements to the program.

While adopting the 2018 amendments, the Board directed the Executive Officer to monitor the cost containment provisions of the LCFS program including the Credit Clearance Market (CCM), and to propose technical adjustments through future rulemaking to strengthen the cost containment provisions, if needed.

The Board also directed the Executive Officer to work with stakeholders to establish an equity-based framework for the possible uses of base credit value from residential charging, consistent with legislative priorities.

The purpose of the proposed rulemaking is to strengthen the current cost containment mechanism by establishing a hard price cap on credit transactions and allowing a limited amount of credit borrowing during years in which there are insufficient credits to meet the annual compliance obligation for all entities.

Consistent with Board direction, the proposed rulemaking also ensures a significant portion of LCFS revenue from base residential charging is directed to benefit disadvantaged and low-income communities, thereby allowing these communities to benefit from the increasing adoption of zero emission vehicles in California.

Description of the Regulatory Action:

Overview

The initial proposal was described in the Notice of Public Hearing[1] and the Staff Report: Initial Statement of Reasons for Proposed Rulemaking,[2] both released on October 1, 2019. After the November 21, 2019 Board Hearing, the California Air Resources Board released one set of 15-day changes for further public comment; these changes are summarized below. The changes to the initial proposal identified below were necessary to respond to Board direction in Resolution 19-27, to determine if additional conforming modifications to the regulation are appropriate. If no additional modifications are appropriate, the Executive Officer shall take final action to adopt the regulation.

Summary of 15-Day Modifications:

Modifications to Section 95481. Definitions and Acronyms.

1. In section 95481(a), staff proposed to add definitions for the terms "Advanced Credits" and "Advanced Credit Window," replacing, without any modification to the definitions themselves, the previously proposed definitions for "Borrowed Credits" and "Borrowed Credit Window." As mentioned above, staff proposed to change the defined term "Borrowed Credits" to "Advanced Credits" throughout the regulation. This change is necessary to better characterize and accurately represent the mechanism of issuing these credits, specifically, bringing the credits forward in time, rather than borrowing and then repaying those credits in the future.

2. In section 95481(a)(133), staff proposed to add a definition of rural areas. This addition is necessary in order to implement modified requirements for the holdback credit equity projects in section 95483(c)(1)(A)6 as described below. Staff proposed to define a census tract as a rural area if at least 75 percent of its population is identified as rural by the latest US Census data. Staff proposed this as a reasonable definition for effective implementation and tracking in the program while ensuring any region with majority population as rural is covered.

Modifications to Section 95483. Fuels Reporting Entities.

1. In section 95483(c)(1)(A)4., staff proposed several modifications related to the administrative costs of the Clean Fuel Reward program.

    a. Staff proposed to add clarifying description of what is meant by the term "start-up costs" of the Clean Fuel Reward program. This addition is

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[1] CARB. (2019). *Notice of Public Hearing to Consider Proposed amendments to the Low Carbon Fuel Standard Regulation.* https://ww3.arb.ca.gov/regact/2019/lcfs2019/notice.pdf.
[2] CARB. (2019). *Staff Report: Initial Statement of Reasons - Public Hearing to Consider Proposed amendments to the Low Carbon Fuel Standard Regulation.* https://ww3.arb.ca.gov/regact/2019/lcfs2019/isor.pdf.

necessary in order to clarify the scope of the required proportional limitation of administrative costs that may be funded by LCFS credit proceeds associated with the Clean Fuel Reward program, which in turn is designed to promote administrative efficiency, as discussed on page III-6 of the ISOR.[3]

b. The initial amendment proposal limited the administrative costs of the Clean Fuel Reward program to 10 percent of LCFS credit proceeds contributed to the program annually. This limit on administrative costs was designed to ensure efficient program administration and thus maximize the LCFS credit value benefit to EV drivers. But because the Clean Fuel Reward program is the first of its kind, predicting some administrative costs is difficult. In order to provide adequate necessary flexibility for implementing the program efficiently and effectively notwithstanding reasonable but difficult to forecast costs, staff proposed adding a process for the Clean Fuel Reward program administrator to request Executive Officer approval to exceed the 10% spending limit for administrative costs. The modification was proposed in response to stakeholder comments and is necessary to facilitate reasonable flexibility and program continuity if administrative costs are at any point reasonably higher than the default limitation. As an example of a currently unknown but likely to be reasonable expense that could potentially result in administrative costs exceeding the 10% limit, CPUC Resolution E-5015 requires the initial program administrator Southern California Edison to procure sufficient insurance to mitigate any potential risk associated with its role in the implementation of the program. The cost of such insurance is currently unknown. This proposed modification will allow the administrator to ensure continuous implementation of the program while adding flexibility to allow the Executive Officer to determine, based on the included regulatory criteria whether the higher administrative costs are necessary to administer the Clean Fuel Reward program.

c. Staff proposed to establish a deadline by which the request for approval of higher than 10% administrative costs must be submitted to the Executive Officer. Staff proposed a schedule according to which the Clean Fuel Reward program administrator must submit any such request to the Executive Officer for approval of higher than 10% administrative costs. Staff proposed that for the period of the first six calendar months of the program, including the month in which the first issuance of reward takes place, a request to exceed the 10% administrative costs limit must be submitted at least 30 days prior to the first issuance of reward; for the

[3] California Air Resources Board. (2019). *Staff Report: Initial Statement of Reasons.* Retrieved from: https://ww3.arb.ca.gov/regact/2019/lcfs2019/isor.pdf.

period starting with the seventh calendar month of the program through December 31, 2021, the request must be submitted at least 30 days prior to the beginning of month seven; and for calendar year 2022 and subsequent calendar years, the requested must be submitted by September 30th of the prior year. This modification is necessary in order to establish a reasonable procedure and clear timeline for implementation of any potential administrative costs limit exceedance during the initial program period. This modification is also necessary to provide sufficient time to the Executive Officer for reviewing the request for higher administrative costs and making timely evaluation of the exceedance request based on the regulatory criteria without disrupting program implementation.

d. Staff proposed to include the criteria to be used by the Executive Officer to evaluate requests for an exceedance of the 10% limit on administrative expenses. The modifications would require such a request to include a detailed list of expected administrative costs, including a description of all efforts made to obtain competitive rates and minimize costs, and a detailed estimate of expected program proceeds. Staff proposed that within 30 days of receiving such a request, the Executive Officer will inform the administrator of its decision in writing along with a rationale explaining the basis for a rejection. If a rejection is due to insufficient information, the request for exceedance may be resubmitted after addressing the deficiencies identified by the Executive Officer. These changes are necessary to provide the criteria bases and process upon which the Executive Officer will approve or reject a request for exceedance.

2. In section 95483(c)(1)(A)5., staff proposed modifications to add an deadline date to specify when previously proposed annual reporting on the implementation of the Clean Fuel Reward program must be submitted. The April 30 due date is the same as and designed to be consistent with the date that other LCSF annual reports are due. This change is necessary to clarify the deadline by which the Clean Fuel Reward program implementation report is due.

3. In section 95483(c)(1)(A)6., staff proposed several modifications to the requirements for use of holdback credits for implementing equity projects by Electrical Distribution Utilities (EDU).

   a. In section 95483(c)(1)(A)6.a., staff proposed to refer to the equity projects funded by holdback credits as “Holdback Credit Equity Projects.” This modification will facilitate clear references to these specific project types. Staff also proposed to add rural areas as an eligible category to benefit

from the holdback credit equity projects, in addition to disadvantaged communities and/or low-income communities or low-income individuals as previously proposed. This modification was proposed in response to stakeholder feedback that transportation electrification in rural areas is lagging compared to other areas, and that including rural area eligibility for holdback credit equity projects will help accelerate that progress consistent with the intent of the initial proposal. Staff also proposed to move the requirements related to the administrative costs of the holdback equity projects from this subsection to subsection c to improve the organization and readability of those provisions.

i. Staff proposed to combine the allowed projects for low-income individuals previously listed in multiple subsections (formerly ii, iv, v, and vii) into a single subsection (vi). This modification is necessary to improve clarity regarding which project types are directed specifically at low-income individuals while eliminating potential duplication.

ii. In subsection (iii), staff proposed to specify that holdback credit equity projects may include investment in public EV charging infrastructure and EV charging infrastructure in multi-family residences. This modification is necessary to ensure that any incentive for EV charging infrastructure for individual or single-family residence funded by holdback credits equity projects will benefit only low-income individuals in the State as staff proposed in subsection (vi). This ensures that proceeds from holdback credits designated for equity projects are better targeted for the benefits of low-income communities in the State.

iii. In subsection (v), staff proposed to specify that multilingual marketing, education, and outreach efforts should include information about the environmental, economic and health benefits of using electric vehicles, a critical part of the State's strategy to meet its air quality and climate change goals. This modification is necessary to ensure that these efforts are aligned with the State's strategy for meeting broader air quality and climate change goals.

iv. In subsection (vi), as described in item (i) above, staff proposed to combine into a single subsection the list of allowed projects for low-income individuals previously included in multiple subsections (formerly ii, iv, v and vii). This modification is necessary to clearly identify allowed project types designed specifically to serve low-income individuals while eliminating potential duplication with other

allowed projects which are not specific to low-income individuals.

v. In subsection (vii), staff proposed to specify that in addition to local environmental justice advocates and local municipalities, the EDU must also coordinate with local community-based organizations to identify and develop customized holdback equity projects that are subject to Executive Officer approval. This modification is necessary to ensure that community-based organizations are included in the development of any special equity projects, such that the related extent to which the local needs of the communities have been incorporated into the project must be considered among other previously proposed bases for the approval of such a project.

b. In section 95483(c)(1)(A)6.b., staff proposed to require opt-in EDUs, as part of their annual LCFS reporting, to include a discussion of how their portfolio of holdback credit equity projects are consistent with the findings and recommendations of the SB 350 Low-Income Barriers Study, Part B report prepared by CARB. This modification is based on stakeholder feedback and is necessary to ensure that holdback credit equity projects implemented by each EDU are aligned with the other ongoing efforts to address the barriers identified for adoption of transportation electrification, especially for low-income California residents. This modification is designed to facilitate the development of meaningful and cost-effective projects, and avoid duplicative efforts.

c. In section 95483(c)(1)(A)6.c., staff proposed to specify that administrative costs for equity projects may count toward the total spending requirements for equity projects, but must not exceed 10% of total spending on these projects annually. This change is in response to stakeholder feedback and is necessary to align the holdback equity project provision with similar State programs that include administrative cost spending within the total spending requirements. The 10% limit on administrative costs will ensure that holdback credit proceeds are primarily used to deliver benefits to disadvantaged communities and low-income individuals, while still allowing sufficient funding for effective implementation of these programs.

d. In section 95483(c)(1)(A)6.c., staff proposed to include a process for an EDU to request CARB Executive Officer approval for a higher than 10% spending limit when local community-based organizations are involved with implementation of the holdback credit equity projects. This modification was proposed based on stakeholder feedback that some equity projects are best implemented in coordination with local community-based organizations, especially projects designed to cover difficult-to-

reach areas and communities, resulting in higher administrative costs for the project implementation. This change is necessary to provide EDUs additional flexibility for designing equity projects, while allowing the Executive Officer to ensure that the proceeds from the holdback credits are used in an efficient and effective manner for implementing equity projects. Staff proposed that any request for exceedance of the 10% limit must be submitted to the Executive Officer by September 30 for the costs to be incurred in the next calendar year. The timing requirement is necessary to ensure sufficient time is available for review of requests prior to implementation of projects in the following year. Staff also proposed items that must be included in a request and criteria the Executive Officer will use in evaluating requests. These items include a complete description of the equity projects planned by the EDU, an estimate of total administrative costs relative to total spending on the projects, and evidence that the community-based organization is a non-profit organization focused on serving communities and areas eligible for holdback credit equity projects as per this subsection. Staff proposed that within 30 days of receiving such a request, the Executive Officer will inform the EDU of its decision in writing and provide a rationale if the request is rejected. If the rejection is due to insufficient information, the request can be resubmitted after addressing the deficiencies identified in the Executive Officer decision. These modifications are necessary in order to specify the reasonable process and criteria bases upon which the Executive Officer will approve or reject the request.

Modifications to Section 95485. Demonstrating Compliance.

1. In section 95485(c)(2)(A), staff proposed to extend the Credit Clearance Market (CCM) period one month, to end August 30 rather than July 31. This change is necessary to provide the CCM participants additional time to complete credit transfers during the CCM period. This modification is in response to stakeholder comments that the current time frame may be insufficient to finalize negotiations and contractual arrangements for completing credit transfers, especially in the event that the pool of credit sellers in the CCM is expanded due to issuance of advanced credits to EDUs.

2. In section 95485(c)(2)(D), staff proposed to add a requirement that entities obligated to acquire credits in the CCM complete payment to the seller before the credit transaction is initiated by the seller in the LRT-CBTS, unless both the parties agree to other payment terms. This change is in response to stakeholder feedback that finalizing payment terms for contracts designed for one-time credit trades may become an obstacle to timely completion of contracts within the CCM period, especially given EDU restrictions on contracting based on prudent risk management standards and California Public Utility Commission requirements for Investor-owned Utilities (IOU) who

may be required to participate in CCM. This addition is necessary in order to facilitate effective incorporation and implementation of the previously proposed advanced crediting provisions.

3. In section 95485(c)(3)(A), staff corrected a typographical error which was referring to an incorrect section in the regulation.

4. In section 95485(c)(3)(C), staff proposed several non-substantive edits to implement the terminology change from “borrowed credits” to “advanced credits”.

5. In section 95485(c)(3)(D)3., staff proposed to specify that the annual update to the maximum LCFS credit price will go into effect starting June 1 of every year. The updated maximum credit price will apply to all credit agreements settled on June 1 or after. This modification is necessary to provide a specific date each year that the maximum credit price will be adjusted, which will provide greater clarity and transparency to market participants and facilitate negotiation of credit transfer agreements.

6. In section 95485(c)(3)(F)1., staff proposed that parties pledging credits into CCM agree to withhold those credits from sale in the on-going LCFS credit market, if a CCM will occur, until August 31. This modification is necessary to reflect the extended CCM period as discussed in item C1 above.

7. In section 95485(c)(3)(F)4., staff proposed to change the closing date of CCM period from July 31 to August 30. This change is necessary to reflect the extended CCM as discussed in item C1 above.

8. In section 95485(c)(3)(F)5., staff proposed modifications to specify that parties voluntarily pledging credits for sale into Credit Clearance Market (CCM credit pledges other than pledges of advanced credits) may not reject an offer to purchase those credits, based on the credit pricing terms, if the buyer is willing to offer the maximum credit price. These changes are necessary to specify that entities voluntarily pledging credits must accept a reasonable offer at the maximum price for available credits, and that any entities receiving advanced credits are not subject to this provision.

9. Staff proposed to delete section 95485(c)(4)(C) to eliminate duplication with 95485(c)(2)(A), which provides the same details on the CCM period.

Modifications to Section 95487. Credit Transactions.

1. In section 95487(a)(2)(D), staff proposed modifications to the internal regulatory reference for the prohibition on selling or transferring credits above the maximum credit price. The modification is necessary to clarify that the credit price maximum applies to all transactions occurring in the LCFS market, as explained in chapter 1, section C of the ISOR, and eliminate any

potential confusion that the credit price maximum might only apply to credit transactions in the CCM.[4]

Modifications to Section 95491. Fuel Transactions and Compliance Reporting.

1. In section 95491, staff proposed to update Table 12 to reflect the modified extended CCM period as modified and discussed in item C1 above, and to include the specified date, discussed in item C5 above, when a new maximum LCFS credit price is becomes effective. These modifications are necessary to incorporate these modified and additional dates into the preexisting timeline reference table.

Additional Modifications

After the close of the 15-day comment period, the Executive Officer determined that no additional modifications should be made to the regulation, with the exception of non-substantial changes, including punctuation and formatting corrections and corrections of typographical errors, which are fully described in the Final Statement of Reasons for the Rulemaking.

The Board's Regulatory Action:

On October 1, 2019, CARB released the Notice of Public Hearing (45-Day Notice) and Staff Report: Initial Statement of Reasons for Rulemaking (Staff Report), titled "Public Hearing to Consider Proposed Amendments to the Low Carbon Fuel Standard Regulation", for public review. The Staff Report contains a description of the rationale for the proposed amendments. On October 1, 2019, all references relied upon and identified in the Staff Report were made available to the public. CARB received written comments from 16 commenters during the 45-Day Notice comment period.

At its November 21, 2019, public hearing, the Board received oral testimony from twelve commenters and one written comment. The Board considered the proposed amendments to the Low Carbon Fuel Standard Regulation for adoption and approved Resolution 19-27.

In accordance with Government Code section 11346.8, the Board directed the Executive Officer to adopt the proposed amendments after making any appropriate conforming modifications, as well as any additional supporting documents and information, available to the public for a period of at least 15 days. The Board further authorized that the Executive Officer consider such written comments as may be submitted during this period, make such modifications as may be appropriate in light of the comments received, and present the regulations to the Board for further consideration if warranted.

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[4] California Air Resources Board. (2019). *Staff Report: Initial Statement of Reasons.* Retrieved from: https://ww3.arb.ca.gov/regact/2019/lcfs2019/isor.pdf.

Subsequent to the November 21, 2019 hearing, CARB released a Notice of Public Availability of Modified Text and Availability of Additional Documents and Information (15-Day Notice) on February 3, 2020. The text of the proposed regulatory and staff report modifications was posted on CARB's website at https://ww2.arb.ca.gov/rulemaking/2019/lcfs2019, accessible to all stakeholders and interested parties. The comment period for the 15-Day Notice started on February 3, 2020, and closed on February 18, 2020.

During the 15-Day Notice comment period, six comment letters were submitted. Staff subsequently prepared written responses to the written comments received during the 45-Day and 15-Day comment periods, which are included in the Final Statement of Reasons. The Executive Officer adopted the regulatory amendments after addressing all appropriate modifications.

Comparable Federal Regulations:

There are no current federal regulations comparable to the proposed regulation. The United States Environmental Protection Agency (U.S. EPA) has adopted Renewable Fuel Standard (RFS) regulations, 40 CFR § 80.1400 et seq., that mandate the blending of specific volumes of renewable fuels into gasoline and diesel sold in the U.S. to achieve a specified ratio for each year (i.e., the renewable fuel standard). As defined, "renewable fuels" under the RFS superficially resembles the list of transportation fuels subject to the LCFS.[5] However, there are a number of reasons why the RFS is not comparable to the LCFS.

Congress adopted a renewable fuel standard in 2005 and strengthened it in December 2007 as part of the Energy Independence and Security Act. The RFS requires that 36 billion gallons of biofuels be sold annually by 2022, of which 21 billion gallons must be "advanced" biofuels and the other 15 billion gallons can be corn ethanol. The advanced biofuels are those that achieve at least 50 percent reduction from baseline lifecycle GHG emissions, with a subcategory required to meet a 60 percent reduction target. These reduction targets are based on lifecycle emissions, including emissions from land use changes.

The RFS volumetric mandate alone will not achieve the objectives of the LCFS. The RFS targets only biofuels and not other alternatives; therefore, the potential value of electricity, hydrogen, and natural gas are not considered in an overall program to reduce the carbon intensity of transportation fuels. In addition, the targets of 50 percent

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[5] 40 CFR §80.1101(d)(1) and (2) provide the following definitions:
"(1) Renewable fuel is any motor vehicle fuel that is used to replace or reduce the quantity of fossil fuel present in a fuel mixture used to fuel a motor vehicle, and is produced from any of the following: (i) Grain; (ii) Starch; (iii) Oilseeds; (iv) Vegetable, animal, or fish materials including fats, greases, and oils; (v) Sugarcane; (vi) Sugar beets; (vii) Sugar components; (viii) Tobacco; (ix) Potatoes; (x) Other biomass; (xi) Natural gas produced from a biogas source, including a landfill, sewage waste treatment plant, feedlot, or other place where there is decaying organic material.
(2) The term 'Renewable fuel' includes cellulosic biomass ethanol, waste derived ethanol, biodiesel (mono-alkyl ester), non-ester renewable diesel, and blending components derived from renewable fuel."

and 60 percent GHG reductions only establish minimum requirements for biofuels, without incentivizing continuous improvements. Instead, the RFS assigns biofuels into four categories, without incentivizing innovations within any category. Finally, it does not apply to certain corn ethanol production plants, thus providing no incentive for reducing the carbon intensity from their fuels.

By contrast, the LCFS regulates all transportation fuels, including biofuels and non-biofuels, with a few narrow and specific exceptions. Thus, non-biofuels such as compressed natural gas, electricity, and hydrogen may play important roles in the LCFS program. In addition, the LCFS encourages much greater innovation than the federal program by providing important incentives to continuously improve the carbon intensity of biofuels and to deploy other fuels with very low carbon intensities.

If California were to rely solely on the RFS (i.e., the "No LCFS" alternative), the State would neither achieve the fuel carbon intensity goals, nor stimulate the innovation needed to support future dramatic GHG reductions from the transportation sector. Because of these differences, the federal RFS regulatory program is complementary but not comparable to the LCFS.

An Evaluation of Inconsistency or Incompatibility with Existing State Regulations (Gov. Code, § 11346.5, subd. (a)(3)(D)):

During the process of developing the proposed regulatory action, CARB conducted a search of any similar regulations on this topic and concluded these regulations are neither inconsistent nor incompatible with existing state regulations.