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California Energy Commission
1516 Ninth Street
Sacramento, CA 95814
Docket No.: 20-IEPR-02
Submitted via email to: docket@energy.ca.gov

Re: Neste Comments re 2020 IEPR Update

To Whom It May Concern:

Thank you for the opportunity to comment on the 2020 Integrated Energy Policy Report Update. Neste supports this update to the IEPR as an important step to addressing California's energy needs and future policy paths.

Neste has a long history of positive involvement with California in its quest to decarbonize its transportation fuel. Neste MY Renewable Diesel is one of the chief contributors to the success of the Low Carbon Fuel Standard, as one of the pillars of the state's Greenhouse Gas Reduction goals.

Neste is a global company that creates sustainable solutions for transport, business and consumer needs. Our wide range of renewable products enables our customers to reduce climate emissions. We are the world's largest renewable diesel producer from waste and residues, introducing renewable solutions to the aviation and plastics industries. We are also a technologically advanced refiner of high-quality oil products. We want to be a reliable partner with widely valued expertise, research, and sustainable operations. In 2019, Neste's revenue stood at EUR 15.8 billion. Earlier this year, Neste placed 4th on the Global 100 list of the world's most sustainable companies marking our 15th consecutive inclusion on the list and the longest continuously listed energy company.

We offer these comments in furtherance to the interests of California's drive to carbon neutrality by 2045.

Background

All of the renewable products Neste distributes in North America are made from 100 percent renewable and sustainably sourced raw materials including waste oils such as used cooking oil, rendered fats and greases. These wastes come from hotels, restaurants, sports stadiums and many other venues with industrial kitchens.

Waste and residue materials contain a lot of carbon, the main building block for renewable diesel. Importantly, this is existing carbon already in the environment, which means Neste MY Renewable diesel and sustainable aviation fuel emits no new carbon in 100 percent form – or “neat” – in an engine.

The only new emissions come from production, which Neste aims to make carbon-neutral by 2035, and distribution. Additionally, Neste is researching and developing the next generation of even lower-carbon-intensity raw materials – including municipal solid waste, algae, forestry waste and even converting electric power to liquids.

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Discussion/Recommendations

The CEC should consider expanding Chapter 7 on low-carbon liquid fuels in the 2020 IEPR Update. We note on page 2 of the chapter: “... (T)he state must ensure access to clean mobility options to ensure low-income and disadvantaged communities benefit from this transition.”

Low-carbon fuels like Neste’s and others provide a clear path to decarbonization now and during the transition to full electric drive as envisioned by multiple state policies. Low-carbon, liquid transportation fuel provides an immediate onramp to the low-carbon economy for those sectors of the population that may have to wait decades for full electrification. Including more emphasis on low-carbon fuels now demonstrates the state’s recognition of the real-time economic barriers to electric transportation. It also provides political durability for electrification policies whose climate impacts may be difficult to foresee and appreciate for many California residents.

“Transportation remains a key focus in the state’s efforts to address climate change.” – Page 3. We agree, the state should be employing all the policy tools available to promote the use of low carbon and carbon-neutral fuels such as those produced by Neste.

On page 10, the Update notes: “... (S)ome transportation modes may be difficult to electrify.” Neste agrees and is serving those sectors.

The IEPR’s liquid fuels chapter recommends the state prioritize low-carbon liquid fuels for sectors that are hardest to electrify: *“These fuels also have the potential for reducing greenhouse gas and criteria pollutant emissions from diesel engines in the existing vehicle fleet as the state transitions to zero-emission vehicles.”*

We suggest this recommendation should be expanded – low carbon liquid fuels should be emphasized for near-term implementation to replace gasoline, diesel and jet fuel in all sectors in order to maximize near-term greenhouse gas reductions. Waiting decades for accelerated market transformation to electrification will not allow California to meet its climate policy goals.

As reported at the CEC’s June 11, 2020, IEPR update workshop, “Transportation Trends and Light-Duty Zero-Emission Vehicle Market Update,” Bloomberg New Energy Finance specialist Nick Albanese forecast ICE powertrain technologies will continue to constitute a significant portion of the passenger vehicle market through 2040.

This doesn’t account for the heavy-duty vehicle segment, which experts believe will continue to rely on ICE technology well into that future. We suggest the CEC recognize these fuels as vital to the long-term vehicle fleet mix reality, and that the carbon-reduction benefits of these fuels take their place alongside zero-emission technology.

Conclusion

Neste’s renewable diesel fuel has proven to be one of the most powerful carbon reduction tools in California’s toolbox. We believe the 2020 IEPR Update should recognize this about Neste and other low-carbon, liquid fuels.

Neste understands California’s policy focus is on electrification to reduce carbon emissions and reverse the catastrophic impacts the state and elsewhere are already suffering because of global warming.



We also believe policymakers should understand renewable fuels provide immediate, near- and long-term carbon reductions and should be considered integral to the transition to ubiquitous electrification of the transportation sector. Our fuels should be folded into the state's mission to slow and reduce the impacts of climate change.

Very truly yours,

Neste US, Inc.

A handwritten signature in black ink that reads "Dayne Delahoussaye". The signature is fluid and cursive, with the first name "Dayne" and last name "Delahoussaye" clearly legible.

Dayne Delahoussaye
Senior Advisor, Public Affairs