

DOCKETED	
Docket Number:	20-IEPR-01
Project Title:	General/Scope
TN #:	237126
Document Title:	POET Comments - Proposed Final 2020 IEPR Report- Volume I
Description:	N/A
Filer:	System
Organization:	POET
Submitter Role:	Public
Submission Date:	3/10/2021 4:32:12 PM
Docketed Date:	3/10/2021

*Comment Received From: POET
Submitted On: 3/10/2021
Docket Number: 20-IEPR-01*

POET Comments - Proposed Final 2020 IEPR Report- Volume I

Additional submitted attachment is included below.

March 10, 2021

California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814

RE: POET COMMENTS ON PROPOSED FINAL 2020 INTEGRATED ENERGY POLICY REPORT UPDATE, VOLUME I: BLUE SKIES, CLEAN TRANSPORTATION; DOCKET # 20-IEPR-01

Introduction and Comment Overview

POET appreciates the opportunity to provide comments to the California Energy Commission (CEC/Commission) Proposed Final 2020 Integrated Energy Policy Report (IEPR) Update, Volume I on Clean Transportation. The report examines a variety of energy issues related to transportation and provides recommendations to meet the state's climate goals. Our comments focus on the chapter about low-carbon liquid fuels.

POET is deeply committed to decarbonizing transportation and developing cleaner, affordable alternatives to fossil fuels in California and across the United States. As stated in the report, low-carbon liquid fuels and other low-emission fuels align with and complement the strategy towards greater electrification, and provide distinct benefits as petroleum alternatives. We believe there is an important and ongoing role for biofuels as the state works toward achieving carbon neutrality pursuant to Executive Order B-55-18.

About POET and What We Do

POET is the world's largest biofuels producer currently operating twenty-eight biorefineries across the Midwest capable of producing almost 2.1 billion gallons of starch and cellulosic ethanol. By displacing harmful additives in gasoline, renewable clean-burning biofuels like those produced by POET cut carbon emissions by an average of 46% compared to gasoline, which can have an enormous impact on the amount of excess greenhouse gas (GHG) in the atmosphere.

In addition, POET's energy-efficient biorefining processes allows carbon dioxide to be captured for commercial use. CO₂ captured by POET is used in everything from carbonated beverages, like soft drinks and beer, to fire suppression systems. Due to this innovation, POET is now one of the fastest-growing distributors of practical CO₂ products in the US. And POET is continuing to innovate to further improve on the greenhouse gas benefits of its products. For example, we partnered with the Farmers Business Network (FBN) on a new initiative called Gradable to track and score the carbon footprint of farmers' production methods. The technology tracks emissions generated from power plants, factories, farms, vehicles or other processes. POET believes the Gradable platform could better position the biofuels industry and growers to supply low-carbon fuel markets with ever-cleaner renewable fuels.

In addition to helping farmers earn more for sustainably grown crops, verified carbon scoring will help POET accurately track and incentivize the production of lower-carbon biofuels for California and Oregon's fuel markets, which continue to tighten their carbon intensity standards to reduce transportation emissions.

Comments on Specific Recommendations

POET generally supports the CEC's Recommendations in "*Volume I, Chapter 7: Low-Carbon Fuels and Near-Zero-Emission Vehicles Will Be Useful in Sectors That Are Difficult to Electrify.*" However, we encourage the CEC to consider and highlight the ongoing and broader role that affordable, low-carbon biofuels like ethanol can play in helping to equitably achieve California's GHG goals.

Please see additional comments for each of the recommendations below.

Recommendation 1: State policies and incentives should prioritize low-carbon liquid fuels for sectors that are the hardest to electrify. Where electrification is possible and likely, the state should encourage it. 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. The state should also explore additional options to emphasize low-carbon fuels for sectors that are the most difficult to electrify, such as aviation.

POET agrees that state policies should continue to support the role that low-carbon liquid fuels can continue to play in helping to achieve California's climate, air quality and energy goals. Continual technological advances to drive down GHG emissions and greater precision in the ability to accurately quantify the benefits of low-carbon liquid fuels are proving that they can be a valuable asset as part of the comprehensive strategy to cut emissions from the transportation sector. Renewable fuel blends, like E15 (a blend of 15% ethanol approved by the United States Environmental Protection Agency for all 2001 and newer passenger vehicles), can provide immediate and economy-wide GHG benefits. Conservative estimates show that implementing E15 fueling statewide in light duty vehicles could reduce GHG emissions by more than 1.8 million metric tons annually, equivalent to removing 411,000 vehicles from California's roads.

Further, higher ethanol blends like E30 and E85 can provide even greater GHG benefits. With continuing technological improvements in feedstock and renewable fuel production practices, biofuels have the promise to provide a carbon neutral and petroleum-free alternative for the portion of the vehicle fleet that continues to utilize liquid fuels. Neglecting to decarbonize the remaining liquid fuel portion of the market in the near term would fail to take full advantage of an incredibly wide-reaching, expedient and effective carbon reduction tool.

Recommendation 2: The state should further explore challenges to the Low Carbon Fuel Standard (LCFS) credit system, including indirect effects and other potential benefit gaps. This exploration includes careful consideration toward feedstocks that compete with other uses and may contribute to emissions from upstream market impacts. The LCFS should also consider potential gaps in carbon accounting from fossil gas and renewable gas operations.

POET supports rigorous, scientifically-based monitoring and accounting of the life-cycle emissions impacts of all energy sources. Upstream analyses should be applied regardless of fuel or feedstock type, and California should consider ways to incentivize reductions in feedstock GHG emissions. Further, California should ensure that any estimates of feedstock or indirect emissions are updated to reflect the latest science, so that LCFS markets do not incentivize behavior that does not optimize GHG reductions. The LCFS should consistently be updated to incorporate new science, data and information related to the emissions impacts/benefits of all transportation fuels.

Recommendation 4: The CEC should explore potential challenges to the biodiesel, renewable diesel, and aviation fuel market, which has experienced a crowding effect from LCFS credits. The high import rate of these fuels has created instability for in-state producers. Solutions may be able to help encourage local production of fuels to maximize in-state benefits of low-carbon liquid fuels.

As the global leader in the production of advanced low-carbon biofuels, POET strongly values our relationship as a partner with California in demonstrating how the state can achieve its carbon, air and energy goals that will benefit Californians and serve as a model for other jurisdictions. The LCFS has been a successful policy because it has incentivized clean fuel technology development and advancement from innovative companies both within California and across the U.S. and around the world. It is critical that the LCFS continue to accurately evaluate and reward the best-performing fuels whether they are produced in California or elsewhere.

Conclusion

At POET, our mission is to cultivate a world in harmony with nature, where everyone has equal access to affordable, environmentally conscious fuel choices. We aim to make biofuel production more efficient while developing more renewable bioproducts that will pave the way to a smarter, more sustainable future. We believe that POET can assist in the near-term as California transitions to 100% electrification and scales up efforts to achieve carbon neutrality by 2045. We thank the CEC for this opportunity to comment and look forward to an ongoing dialogue as the Commission continues to work on these important policy matters.

Sincerely,



Shailesh Sahay
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POET LLC