



March 27, 2025

The Honorable Catherine Blakespear
Chair, Senate Environmental Quality Committee
1021 O Street, room 3230
Sacramento, CA 95814

RE: SB 348 (Hurtado) Low Carbon Fuel Standard – OPPOSE

Dear Senator Blakespear,

On behalf of the undersigned organizations, we must respectfully write in opposition to SB 348 (Hurtado), which directs the California Air Resources Board (CARB) to make significant structural changes to the Low Carbon Fuel Standard Program (LCFS).

We appreciate the intent of SB 348 and a desire to practice fiscal prudence while California pursues its climate goals. We believe the LCFS, as adopted in 2024, strikes the delicate balance between emission reductions and consumer impacts. As part of CARB's Initial Statement of Reasons (ISOR), the economic impact was thoughtfully considered.

Not only will the changes proposed in SB 348 harm investments in alternative fuels and slow the adoption of zero emission vehicles, the introduction of administrative interference into the program will increase costs and reduce any rebate value.

Well-designed regulatory programs ensure affordability, not revenue redistribution. On a per ton basis of emissions reduced, the LCFS is one of California's most cost-effective carbon reduction programs.¹ Despite recent criticism of the LCFS, recent analyses have shown that retail fossil fuel prices are strongly influenced by other factors (e.g., global events, holiday weekends, seasonal fluctuations, refinery disruptions and decisions about production that affect supply, refinery pricing decisions, seasonal fuel blends, and taxes), and fossil fuel producer pricing strategies are complex, reflecting local and regional market conditions. The reality is that the actual cost pass-through from LCFS to retail gasoline or diesel prices is indeterminate and there is no direct correlation between historical LCFS credit prices and gasoline prices.

The LCFS has drawn investment, business and jobs and has helped to make California a leader in innovative clean fuels development and production. Clean fuels are critical to reducing climate warming pollutants and to power the clean and zero emission vehicles quickly coming to market. By promoting cleaner, renewable energy sources and reducing greenhouse gas emissions through a market-based solution, the LCFS contributes to a healthier environment for all Californians and creates a competitive marketplace.

California law requires at least a 40% economy-wide reduction in GHG emissions, a target that would be impossible to achieve without a healthy and successful LCFS program. For these reasons we must respectfully oppose the programmatic changes called for in SB 348.

Sincerely,

Teresa Cooke, Executive Director, California Hydrogen Coalition

Reed Addis, Government Affairs, Electric Vehicle Charging Association

Chris Roach, Chief Executive Officer, Monarch Bioenergy

Scott Lewis, President, World Energy Net Zero Services

Jamie Hall, Director of Policy, EV Realty US

Nicole Rice, Executive Director, California Renewable Transportation Alliance

Carlos Gutierrez, Executive Director, California Advanced Biofuels Alliance

¹ Elevate Climate's 2024 Analysis of Climate Change Programs. *This analysis shows an average cost of \$60 per ton of CO₂e for the LCFS compared to the average of \$720-\$4,875 for the California Solar Initiative, Mobile Source Program (Transportation Equity, HD ZEVs, HD retire & replace), Advanced Clean Car II, Zero-Emission Forklifts, and In-use Locomotive laws and regulations. This puts the LCFS with the Cap-and-Trade and the Renewable Portfolio Standard as one of California's most cost-effective greenhouse gas reduction programs.*

Jeff Earl, Director of State Governmental Affairs, Clean Fuels Alliance America

Tim McRae, Vice President for Public Affairs, California Hydrogen Business Council

Sam Wade, Vice President of Public Policy, Coalition for Renewable Natural Gas

Brian Casey, Head of Government Affairs, U.S. Venture Inc.

Ryan Kenny, Policy Director – Western U.S., Clean Energy

Laura Renger, Executive Director, California Electric Transportation Coalition

Patrick Serfass, Executive Director, American Biogas Council