



California Independent Petroleum Association

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California Independent Petroleum Association Comments
Comments on July 15, 2020 Webinar –
Fuels and Infrastructure for a Carbon Neutral Economy

California Air Resource Board
1001 I Street
Sacramento, CA 95814

August 5, 2020

Via electronic submittal to:

https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=cn-fuels-infra-ws&comm_period=1

The California Independent Petroleum Association (CIPA) appreciates the opportunity to submit comments on this effort. The policy of achieving Carbon Neutrality in California is just developing, and CIPA is pleased to see the California Air Resources Board (CARB or Board) engaging industry early on in the process.

The mission of CIPA is to promote greater understanding and awareness of the unique nature of California's abundant oil and natural gas resources, and the independent producers who contribute actively to California's economy, employment and environmental protection.

CIPA also represents the interests of Californians throughout the state who depend on affordable, reliable and sustainable energy. We need to continue to power the world's fifth largest economy while supporting upward economic mobility for disadvantaged communities, many of whom suffer under California's high poverty rate and high cost of living.

Under CARB's various GHG reduction programs, the state has decreased statewide GHG emissions since their peak in 2004, even while demand for transportation fuels has increased. Given that liquid transportation fuels will be needed for the foreseeable future—approximately 20 million vehicles will still contain internal combustion engines by 2050¹—it is critical that the State continue to focus on programs that achieve the goal of reducing GHG emissions while still meeting the energy demands of its citizens.

The webinar on July 15th focused on fuels and infrastructure, but did not have a single presentation from providers of liquid fuel and feedstocks today. There was no representation from providers to highlight the innovation and investment being implemented in the sector. Innovations include Carbon Capture and Storage, use of renewable power to lower carbon

¹ Solecki, M. Presentation at CARB Fuels and Infrastructure for a Carbon Neutral Economy workshop. July 15, 2020.

https://ww2.arb.ca.gov/sites/default/files/2020-07/ajw_cn_fuels_infra_july2020.pdf

intensities, and much more. We believe this was a missed opportunity, and hope CARB has additional opportunities to focus on the reductions achievable in liquid fuels.

CIPA applauds the afternoon panelist who recognized the value of retaining the existing natural gas pipeline infrastructure. Over the years, California's energy infrastructure has been built up, it makes no sense to abandon it and start over. This is particularly true given that infrastructure can be utilized to deliver carbon negative fuels such as renewable natural gas.

We previously commented on the Carbon Neutrality studies being undertaken right now through CalEPA. We repeat some of those comments here as a start to what we hope are many more conversations about Carbon Neutrality. We encouraged thorough consideration of the future of energy diversity and security for California. The societal value of the existing in-state industrial base was recognized by staff, such a recognition needs to be retained throughout the Carbon Neutrality policy development.

In our prior letters to CalEPA, CIPA discussed that sustainability requires California to become consistently self-sufficient – for food, water, energy and other daily necessities. To truly align with California's sustainability values, state policymakers should reverse their strategy of increasingly relying on energy imports for over 90% of our natural gas, 70% of our oil and 30% of our electricity needs. Recent state policies have significantly increased Californians' dependence on imported energy, meaning that California is delegating its environmental leadership, and carbon footprint, to other states, countries and regimes that do not share our environmental, labor, and human rights standards. CIPA believes that the state should encourage local production of all forms of energy under California's world-leading regulations, rather than deferring to other states and distant countries. This issue must be addressed in any Carbon Neutral policy.

Californians' demand for available, affordable and reliable energy dictates a long-term combination of traditional and renewable energy, along with large-scale implementing of Carbon Capture and Sequestration technology. CIPA's members are actively working on lower-carbon technologies, sequestration projects and incorporation of renewable energy into their production operations. With in-state production being the cleanest, safest and most socially equitable production in the world, the last barrel of petroleum that California uses should be produced in California.

CIPA also has significant concerns regarding the shift in a possible direction the Carbon Neutrality policy has undertaken between public workshops. The CARB introductory presentation² on July 15th differed substantially from previous workshops³ in a way that has significant implications for the State's Carbon Neutrality Policy. Previously, CARB's stated Carbon Neutrality position has been "sources = sinks" while minimizing emissions, but the latest staff presentation switched to a two-step process where Step #1 was the elimination of all fossil energy and industrial combustion processes. The change in direction *should be the focus of explicit public discussion*, and not just inserted into staff introductory slides.

² https://ww2.arb.ca.gov/sites/default/files/2020-07/Fuels_and_Infrastructure_Workshop_Agenda_2.pdf (Slide #4)

³ https://ww2.arb.ca.gov/sites/default/files/classic/cc/scopingplan/meetings/022020/carb_cn_industry_feb2020.pdf (Slide #5)

Mid-Century Carbon Neutrality (CO₂e)

Step 1: Strive for zero emissions from all sources

Fossil Energy
Industrial Processes
Natural and working lands



Step 2: Maximize Sequestration

Carbon capture and sequestration
Direct air capture
Natural and working lands

(July 2020)

California Carbon Neutrality (CO₂e)

Today

AB 32 GHG Inventory

Conversion
Natural & Working Lands Inventory

Minimize emissions

Increase sequestration

Mid-century

AB 32 GHG Inventory

Natural & Working Lands Inventory

Both categories emit GHGs

No net GHG emissions

(February 2020)

Should you have any questions or wish to discuss our comments further, please do not hesitate to contact CIPA. We look forward to reaching out for additional information and discussions on the key questions asked in the webinar.

Sincerely,

Rock Zierman
Chief Executive Officer
California Independent Petroleum Association