

CARB Receives Direction on Finalizing Low Carbon Fuel Standard Amendments

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CATEGORIES

Topics Climate Change

Programs Low Carbon Fuel Standard

What you need to know: Regulation remains in effect as CARB staff works to address non-substantive revisions requested by Office of Administrative Law to clarify administrative and implementation process details and non-substantive text.

SACRAMENTO – Last night, the California Air Resources Board (CARB) received a document from the Office of Administrative Law (OAL) detailing requested non-substantive revisions to the text of the Low Carbon Fuel Standard (LCFS) regulation amendments. Staff have 120 days to make these changes and re-submit the regulation for OAL approval.

The document comes in response to OAL’s decision last week to disapprove the rulemaking package CARB adopted in November. The routine disapproval was made on technical grounds, not on the merits of the regulation. In its latest communication to CARB, OAL identified opportunities for CARB to clarify administrative and implementation process details in the regulatory amendment text.

The current regulation remains in effect as CARB staff work to address the feedback from OAL. CARB publicly posted an updated market notice today to inform the public of OAL’s decision.

Additional Background

The LCFS regulation reduces air pollution and greenhouse gas emissions by setting a declining carbon intensity target for transportation fuels used in California. The LCFS regulation is designed to provide the most cost-effective path to support clean fuels and infrastructure that reduce greenhouse gas emissions responsible for climate change.

The LCFS is an important part of the California's climate portfolio which altogether has delivered a significant return on investment – lowering fuel costs through more efficient vehicles, generating tens of billions for climate investments, reducing utility bills through an annual credit and launching new job-creating industries as part of our clean energy economy.

On November 8, 2024, the California Air Resources Board approved amendments to the LCFS regulation to maintain momentum for global, national, and local private sector investment towards increasing cleaner fuel and transportation options for consumers, accelerating the deployment of zero-emission infrastructure and clean fuel production to support clean vehicle regulations, and keeping the state on track to meet statutorily mandated air quality and climate targets.

The latest analysis from third party commodities markets experts shows a \$0.10 LCFS cost pass through per gallon of gasoline. That's consistent with the self-reported data by the fuel producers which reflects an LCFS cost pass through of \$0.08 to \$0.10 per gallon of gasoline. The program is expected to generate billions to benefit Californians.

On January 3, 2025, CARB submitted the final regulatory package for the proposed amendments to the LCFS regulation to OAL for review in accordance with Government Code section 11349.1. On February 18, OAL issued a routine disapproval of amendments to the LCFS regulation on technical grounds, not on the merits of the regulation.

CARB has prior experience addressing OALs disapproval of regulations on technical grounds, most recently for the 2022 Commercial Harbor Craft regulation. As an example of what CARB expects to see from OAL within the next few days, linked here are OAL's initial notice and its later detailed document explaining its reasons for disapproving the Commercial Harbor Craft regulation. With that regulation, CARB staff put out a proposed revision to the rule for a 15-day public comment period slightly more than one month after the disapproval, and CARB staff then resubmitted the rulemaking to OAL less than three months after the disapproval. OAL approved the resubmitted rulemaking for an effective date less than four months after the disapproval.”

More Information

CARB's mission is to promote and protect public health, welfare, and ecological resources through effective reduction of air pollutants while recognizing and considering effects on the economy. CARB is the lead agency for climate change programs and oversees all air pollution control efforts in California to attain and maintain health-based air quality standards.

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